London

evening

prepare

for war

By Helen Hague and

Raymond Snoddy in London

A LONDON evening newspaper cir

culation war unrivalled since the

1950s will break out today as two

new titles simultaneously break the

Evening Standard's seven-year

Lord Rothermere, chairman of

Associated Newspapers, announced

yesterday on the eve of the launch of Mr Robert Maxwell's London

Daily News that the Evening News

would be revived today. The Even-

ing News was merged with the Standard and closed in October

Mr Maxwell, a Czechoslovak-

born millionaire, said that the Evening News was a spoiling opera-tion and "a temporary phenomen-on." The publisher of the London

Daily News, billed as Britain's first

As far as I know this is the longest

gap between death and resurrection

wire act by Lord Rothermere. I pre-dict he will fall in a very undigni-

fied manner. The Evening News is

not Rambo it's cheapo. It won't

last." Mr Maxwell has hired 180

iournalists for his new paper and is

spending £25m (\$38m) on its

The launch of the Evening News

at 15p, 5p less than the other two

papers could cause a price war as well as a circulation war. The Mir-

ror publisher said yesterday: "We

will probably start to cut prices very very soon. We will do it in the West

End and the City areas (where the Evening News will be on sale)."

The plan to revive the Evening

News was considered at an Asso-

ciated board meeting a week ago on

Monday and given the go-ahead by

Lord Rothermere two days later.

The new 24-page paper will be edit-ed by Mr John Leese, the Standard

editor and a staff of freelance and

contract journalists, which, accord-

ing to Standard chief executive Mr

The paper will have a single late

afternoon edition to coincide with

It will be typeset under contract

at a National Graphical Association

Bert Hardy, would be "small by Fleet Street standards."

Mr Maxwell added: "It's a high

n history."

newspapers

EUROPE'S BUSINESS NEWSPAPER

No. 30.168

Tuesday February 24 1987

It brought a swift and positive re- United Nations with the participa

sponse in the shape of European tion of the parties concerned and of

willingness to play a part in conven-ing a conference. Mr Tindemans de-positive contribution to restoration

livered this message to the Soviet and maintenance of peace and to ambassador to Belgium last night. the region's economic and social de-

effort to break the deadlock on participation of the Soviet Union it-

Sir Geoffrey Howe, the British eration Organisation (PLO). The Is-

Foreign Secretary, said: "The pres- raeli Government is opposed to

a growing view that an internation- division within Israeli ranks be-

al conference could provide the nec- tween Mr Yitzhak Shamir, the

By offering their political support peated his hostility to any Soviet or the idea the 12 hoped to "inject participation, and Mr Shimon

momentum into a process that has Peres, the former Prime Minister

from the Soviet leader spelt out his intention "to call for a conference they would be prepared to play on the Middle East." The letter was their part with respect to such a

We will see how others react, he again without saying whether they

D 8523 B

World news

Iraq 'may Elders to resume air raids **Carling** on cities'

on Iranian towns and cities and said that thousands of Iranian soldiers bad been killed in a battle near Basra. It said Iran had made a seri-River and south of fish Lake. The Iranian attack ended a three-

week lull in the area, scene of fierce fighting this year in which some 80,000 Iranians have died and between 150,000 and 200,000 have been wounded, according to official Iraci figures.

Iraq also accused Iran of violating Iraqi conditions for a halt in air raids on Iranian towns by shelling Iran denied shelling the city.

EEC farm protests in Spain, Germany

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Hundreds of Spanish farmers dumped crates of lemons in the streets of Murcia, southern Spain, to protest against EEC subsidies paid to lemon exporters from competitor countries, mainly Greece and Italy.

In Leer, West Germany, farmers used tractors to block border crossings between Lower Saxony and the Netherlands in a protest against alleged subsidies paid to Dutch pig

Italian truck drivers and airline pi-lots began week-long strikes, halv-

Italian transport hit

ing the number of lorries on motor ways and causing domestic flight cancellations. Page 2 Gandhi crackdown

Prime Minister Rajiv Gandhi's Gov-

ernment promised to crack down on Sikh extremist violence in Punjab as thousands of Hindus angered by the killings converged on India's Parliament demanding that Gandhi should "govern or quit."

Cash crisis looms

The EEC is heading for a cash crisis, later this year, with member states giving little hope of early agreement on proposals designed to avert it, officials and diplomats in Brussels said.

100m street dwellers

About 100m people in the world are living out on the streets, including 20m children in Latin America, an International Labour Organisation report said. More than 1bn people, a quarter of the world's population, are either homeless or in extremely poor housing.

Philippines plea

Philippines Government peace negotiators sought help from 11 Ro-man Catholic hishops in a bid for a lasting truce with communist rebels. Page 4

Vietnam enterprise

Vietnam announced sweeping mea-sures to encourage private enter-DAISHOWA America, US subsidprise in Hanoi, one week after a Government reshuffle promoted economic reformers, Page 4

Lima bomb blast

Peru's Attorney-General escaped unhurt, but his son and two other people were slightly injured when a bomb exploded as their car went through suburban Lima. Police blamed Maoist Sendero Luminoso (Shining Path) guerrillas.

Mafia trial begins

A trial of 115 suspected members of Milan Mafia gangs which controlled the city for 10 years began in Milan, but the alleged boss chose to stay

away from the hearing. ILO accuses Bonn

West German authorities were discriminating against communists in public service jobs, the International Labour Organisation said, adding that such discrimination broke an ILO convention on employment.

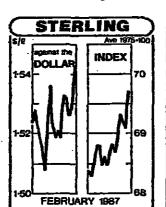
Business summary bid for

O'Keefe sidiary of Rothman's International, said Elders IXI., Australian brewer will make a cash takeover bid for Carling O'Keefe at C\$18, (\$13.8) a share. Rothmans Inc said it planned to tender its 10.9m shares or 50.1 per cent, of Carling O'Keefe

to Elders. Page 21 RUPERT MURDOCH'S News Corp saw turnover and profits rise to record levels on stronger UK earnings, increased investment income and new contributions from US film and television interest. Page 25

GOLD rose \$4.00 to \$403.75 on the London bullion market. It also rose in Zurich to \$403.25 (\$398.85).

DOLLAR closed in New York at DM 1.84; SFr 1.555; FFr 6.1265 and Y153.7. It rose to DM 1.83 (DM 1.8275); to FFr 8.0225 (FFr 6.0875); to SFr 1.5460 (SFr 1.5445); and to Y153.65 (Y153.60). On Bank of England figures the dollar's index rose to 104.1 from 104.0. Page 37



STERLING closed in New York at \$1.539. It rose in London to \$1.5425 (\$1.5285); to DM 2.8225 (DM 2.7950); o FFr 9.2975 (FFr 9.3050); to SFr 2.3850 (SFr 2.36); and to Y237 (Y234.75). The pound's exchange rate index rose 0.6 to 69.7. Page 39 WALL STREET: The Dow Jones industrial average closed down 18.7 at 2,216.54. Page 46

TOKYO: Brazil's suspension of for- viet Union of the political as opeign debt interest payments sparked a wave of selling which the 12 states. on financial issues. The Nikkei average fell 139.89 to 19,940.50. Page 46

LONDON securities markets gave a cautious response to the Paris agreement on exchange rates and, despite good economic news at home, were unsettled by Wall Streets sharp early drop. The FT-SE 100 index lost 21.8 to 1,939.7 and the FT Ordinary index was down

10.1 at 1,558.9. Page 46 RALLY Manufacturing, Chicago ca-sino company and maker of slot machines, has thwarted a threat to its independence by agreeing to buy shares held by Donald Trump, the New York real estate developer and casino operator, at what appears to be a substantial premium to the

market. Page 21 iary of Daishowa Paper Manufacturing of Japan, has agreed to buy the corrugated cardboard manufacturing units of Louisiana-Pacific of the US for Y26bn (\$170m). Page Zi COMINCO. Vancouver mining and fertiliser group's new owners have continued their spring cleaning by providing C\$157m (US\$118m) for

expected losses on the disposal of non-core businesses. Page 22 EUROFER the association of integrated European steel producers, outlined plans for a further 5.7m tonnes of capacity cuts, bringing the total it is prepared to sacrifice

to 15m tonnes. Page 2 SCANDINAVIAN Airlines Systems (SAS) is trying to restore an air link to East Africa which it had to abandon as unprofitable after cancelling flights to Johannesburg in 1985. PHB Weserhmette, big West German bulk handling and mining equipment group, said it had to take

"exceptionally high lesson" last year because of trouble in its French subsidiaries. Page 21

BY QUENTIN PEEL IN BRUSSELS

er, in which he announced his in- peace efforts in the Middle East.

THE 12 member states of the Euro-

pean Community yesterday lent unanimous support to the Soviet Union's idea of an international

peace conference in the Middle

They gave their backing to the idea contained in a letter from Mr Mikhail Gorbachev, the Soviet lead-

tention to call a conference to re-

However, the 12 stopped short of spelling out conditions for partici-

pation pending the reaction of the

The Israeli coalition Governmen

is deeply divided over the proposal

for an international conference. In the US last week Mr Yitzhak Sha-

mir, the Israeli Prime Minister, re-

peated the Likud block's opposition

to such a forum which would give

the Soviet Union a role in the peace

process despite the fact that the US

Mr Gorbachev's approach to the Community, in the form of a letter

to Mr Leo Tindemans, the Belgian

Foreign Minister and chairman of

the EEC Foreign Ministers, is the

first direct recognition by the So-

posed to economic co-operation of

FOUR CIVILIANS were killed in

Beirut yesterday as Syrian troops

came under fire while they began to clear armed militiamen from

the western sector of the city,

writes Nora Boustany in Beirut.

The incident occurred in the Ai

Mreisseh seafront district as the

task force sought a prominent Druze local commander, Saleh

Dik. The sound of exploting gre-nades and bursts of automatic

fire sent residents running for

Administration is in favour of it.

solve the Arab-Israeli conflict.

countries in the region.

Abdallah quits his French terror trial

BY DAVID HOUSEGO IN PARK

MR Georges Ibrahim Abdallah walked out of Paris main criminal court yesterday on the first day of his trial on terrorist charges after a sionate indictment of the court's

Leaning over the microphone in the prisoner's deck, chanting his words with a slight Arab accent, Mr Abdallah told the court: "I am only here to ask you to wash your hands stained with our blood and those of our children before you pretend to judge us." After his 20-minute political speech he turned his back to walk out - as is his right under French law, leaving his defence to

The president of the court, Mr Maurice Colomb, urged him to stay eral in Strasbourg.

EEC backs Soviet

call for Mid-East

peace conference

essary catalyst."

The ministers were emphasised the importance of their move as an

ent stagnation in the peace process both, is dangerous and unstable. There is

for the idea, the 12 hoped to "inject

been blocked too long," he said. Mr Tindemans said the letter

otherwise couched in general

munity or the 12 who are organis-

international peace conference to

be held under the auspices of the

SYRIA DETERMINED TO QUELL MILITIAS

cover but did not seemed to halt

a major deployment of up to

7,000 troops who entered west Beirut on Sunday afternoon.

te assertions by Mr Walld Jum-

pite assertions by Mr Walid Jum-blatt the Druze leader, that all Druze Progessive Socialist Party gunnen would hand over their

staggered out of their homes, in-

The shoot-out happen

arms to the Syrians.

ation says they are "in favour of an region

on the grounds that the court had given him the right to express him-self. Mr Abdallah replied that he had no wish to hear, and did not want to remain on ground that prought him in contact with the "Yankee criminal" - a reference to the US Government, which is also represented as a plaintiff in the

Mr Abdallah, believed to be the leader of the Lebanese Armed Revolutionary Faction (Farl), which has been responsible for terrorists attacks both in France and elsewhere in Europe, is on trial for complicity in the murder of an American and Israeli diplomat in Paris in 1982 and in an attack on the US Consul Gen-

the region's economic and social de-

velopment."

That leaves the door open for the

self as well as the Palestinian Lib-

European diplomats point to the

Prime Minister, who last week re-

and Foreign Minister, who is will-

conference and will endeavour to

make an active contribution" -

Page 18

at hand. The ball followed the ar-

rival of Syrian troops over the past two days with the declared aim of finishing off armed gangs and street bosses.

In the afternoon, combat-

ready Syrian soldiers carrying rocket propelled grenades and

surrounded the Cavalier Hotel

off Hamra Street and dragged

Continued on Page 20

ing to consider the idea.

Terrorists seeking his release that Mr Abdallah now faces a speplanted bombs in Paris in Septem-cial tribunal of seven magistrates. ber which killed 11 people and wounded over 150 others. As a result, yesterday's hearing was the most heavily-guarded trial Paris has witnessed for many years, with 3,500 special police on duty in the capital and around the Palais de Justice where France's main crimi-

nal cases are heard. But police kept a low profile in the wood-panelled courtroom and lawyers said the atmosphere was more relaxed than when Mr Regis Schleicher, the Action Directe leader went on trial in December. Mr Schleicher threatened that Action Directe would kill any juryman finding him guilty - with the result

There is little doubt, as well, that police success in capturing most of the remaining Action Directe leaders over the weekend - thus dismantling one of the main terrorist networks in France - helped to lift fears that the trial would be the occasion for another wave of bomb attacks in Paris. In the 40-page document of charges read out against Mr Abdallah there were scattered references to Action Directe, poin-

ting to the links between the two or

Mr Abdallah declined to answer Continued on Page 20

Dollar steadies but scepticism greets G5 pact

JANET BUSH IN LONDON

reaction to the currency stabilisa- revenue raising priorities than his tion accord reached in Paris on own. Sunday, with the US dollar trading quietly and ending the day little changed.

However, a large measure of scepticism was expressed by dealers about the rather vague wording of the agreement by the Group of Five industrial nations and Canada. They said it was only a matter of time before the market tested the resolve of central banks to maintain current currency values.

The dollar closed in London at DM 1.8300, only marginally above its close on Friday at DM 1.8275 and

YĬ53.65. tor in dollar trading in past weeks, further decline is likely to be limand on the publication on Thursday ited. of the Tower Commission report on

said. "It is not the European Com-munity or the 12 who are organis
Mr Tindemans hinted that he might be prepared to undertake ing that conference." might be prepared to undertake
The Foreign Ministers' declarsome sort of personal mission to the progress towards achieving the foreign exchanges. budget deficit reduction target However, it is likely that the forreed at the w

> Paris to be achieved. Much will depend on whether the Democrat-controlled Congress suceeds in drawing up a budget resolution which promises a significant reduction in the deficit and how President Ronald Reagan reacts to

24-hour newspaper, also denounced Associated's surprise move as a "gimmick and a joke" and added: THE FOREIGN exchange markets a Congressional budget resolution yesterday delivered a cautious first involving different spending and

> The US agreed in Paris to pursue policies aimed at cutting the Federal deficit from an expected 3.9 per cent of gross national product (GNP) in fiscal 1987 to the equivalent of 2.3 per cent of GNP in fiscal

This conforms with the \$108bn deficit target net in the budget Mr Reagen sent to Congress last month and with the target set under the Gramm-Rudman budget reform legislation.

Exchange dealers in London ac-knowledged that the market's view was otherwise virtually unchanged has shifted in recent weeks and is against the Japanese currency at no longer unanimously negative about the dollar's prospects. There The focus this week is likely to be is a feeling that, although the dollar on Friday's January US trade fig- remains vulnerable to weak ecoures, which have been one key fac-nomic data or political factors, any

 Senior G5 officials voiced hopes the Iran arms affair, which is expected to be extremely critical of the US Administration.

at the weekend that there might not be any need for substantial central bank intervention to maintain cur-In Washington, US budget ex- rent parities because economic perts expressed cautious optimism fundamentals were already workthat the US might make significant ing in favour of more stability on

leading industrialised countries in lars in an attempt to find the level Paris. But few analysts expect the which would trigger central bank full deficit reduction promised in intervention to support the curren-

The only obvious beneficiary of the weekend agreement yesterday sterling,

Page 18; Lex, Page 20; Money markets, Page 39

organised print shop in central London. Plates will be delivered to run on the Evening Standard's presses.
Associated has conducted several feasibility studies over the past 12 months, but Evening Standard journalists learned of the imminence of the venture only yesterday.

Le Figaro owner wins contract for French private TV network

BY PAUL BETTS IN PARIS

CONCESSIONS to operate private Hersant, the right-wing press bar-on, and to a consortium led by the Luxembourg-based CLT broadcasting group and the Lyonnaise des Eaux water utility. The concessions were awarded

Communications Commission. The decision by the regulatory commission (CNCL) is the first in a

vision broadcasting industry. They also coincided with the deadline for applications to operate TF-1, the state television network due to be privatised shortly, which expired at midnight last night.

television networks in France were was granted the concession to op-yesterday awarded to Mr Robert erate the private commercial net-aganda of the Government direct erate the private commerical net- aganda of the Government direct work know as "La Cing" or the Fifth
Channel which specialises, in detective series, soap operas and light entertainment. The consortium mission and suggested it was "uncalled Metropole TV, linking the derorders" from the Prime Minis-Luxembourg CLT group with the by the newly formed Commission
Nationale de la Communication et

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channel, or TV6, which has concented to the franchise to operate the sixth

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lenge for the network from Sir series of wide-ranging moves which will radically alter the French tele-James Goldsmith, who led a rival But the CNCL decision granting the Fifth Channel concession to Mr Hersant immediately provoked protests from the opposition Socialist Party. Mr Jean-Jack Queyranne, the Socialist Party spokesman,

Mr Hersant, the owner of Figaro, claimed that Mr Hersant would ter's office.

cations regulatory body which has trated up to now on music and to television broadcasting. After the been modelled on the US Federal video-clips. right returned to power last March, Mr Hersant and his partners suc-cessfully fended off a strong chal-so a neo-Gaullist RPR deputy, was widely expected to be granted a Mr Hersant had originally ex-

pressed interest in TF-1 but then switched his sights to the Fifth Channel, forming an alliance with the network's current operators, Mr

Continued on Page 20

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GORBACHEV **DEFUSES** THE CIVIL RIGHTS TIMEBOMB

Zambia: the voice of opposition grows louder 4 Management: opening graduate eyes to entrepreneurism......14 Editorial comment: Syria's task in Lebanon; shackles on the bank manager. 18 Economic co-operation: smiles are not

enough 18 Corporation 20 Italy: Bringing order to the Milan bourse 24 Technology: dab-hand electronic detec-

Iusuf Begun's release is symptomatic of a new attitude to political prisoners in Moscow. Page 3

Tax pledge complicates Bonn coalition talks Italians

partners entered their fourth week of post-election policy talks yesterday still split on the outlines of a planned DM 40bn (£14.5bn) tax reform and with their task complicated by Bonn's promises to the currency meeting in Paris on

conservative Bavarian CSU want corporate tax and the top marginal rate of income tax the coalition, legislation will out from 56 per cent to at least also have to go through the into stiff opposition from Chancellor Helmut Kohl's Christian Democratis (CDU).

The also have to go through the top tax rate reached a pitch of the coalition, legislation will on April 5. The FDP tries to appeal to entrepreneurs, while the CDU, which did badly in the January election, has been dead of political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with their demands by the time the state of Hesse goes to the political face if they have not made headway with the individual i into stiff opposition from Chancellor Helmut Kohl's Christian
Democrats (CDU).

The infighting over a cut in the January election, may be the top tax rate reached a pitch come nervous about offending at the weekend, with Mr Kohl
Theoretically, failure to

been stronger.

Japan's business associations, often compared with the Con-

year had only been cleared in come out with proposals to cut it is possible, though, that the coalition squabbling meant that broad terms with Mr Kohl and corporate taxes to 52 per cent entire discussion this week Mr Stoltenberg was losing the other party leaders and still and the top income tax rate to has to be negotiated. The 55 per cent. Finance Minister is expected to try to bring forward to next down by the CSU and the FDP people paying trade tax (a local over top tax rates has demonstrated intended for the deal of political face if they DM 40hn package

Democrats (CDU). at the weekend, with Mr Kohl poorer people.

It also became clear yester- apparently coming out in supday that a promise in Paris by port of his Labour Minister, Mr agree on the tax reform outline

Mr Gerhard Stoltenberg, the Norbert Bluem, who opposes it. could jeopardise FDP support
Finance Minister, to add to a Only on Friday, however, did for the formal election of Mr meanwhile, was moved to deny planned DM 9bn tax cut next Mr Stoltenberg, a CDU leader, Kohl as chancellor on March 11. yesterday that the constant

This was immediately shot Theoretically, failure to

signally failed yet to reject it.

of income tax. Mr Bluem has form. There is a broad recogni-proposed a system whereby tion here, however, that the row authority tax on businesses) strated just how difficult it is could deduct part of it from going to be to negotiate the enincome tax, and the FDP leader tire package, especially the and Economics Minister, Mr financing of it, Martin Bangemann, has signally falled week to make the entire package, especially the financing of it,

Such a discussion would be scheduled between now and bound, however, to become 1991 when the first stage of the fouled in long political debate reform is due, the entire about what proportion of income or corporate tax could be deducted after paying the trade of any of the three coalition

approve walk-out

By John Wyles in Rome

MR BETTINO CRAXIS gamble in pulling his treasury Minister, Mr Giovanni Goria, out of Sunday's meeting of Western finance ministers appeared to have won wide public support in Italy vesteriay. in Italy yesterday.

The Socialist Prime Minister's reaction to the alleged breach of last year's Tokyo summit agreement on international monetary consuitations has been seen as a slightly awesome act of "speaking up for Italy."

Italian diplomacy, how-ever, now faces the task of achieving an acceptable "clarification" of the Tokyo agreement which will enable it to withdraw Mr Craxi's threat not to hold the world economic summit in Venice in

June.
In Rome's view there is no point holding such gatherings if agreements made there are broken. Mr Goria's exclusion from the late afterexclusion from the late after-noon consultations between the Group of Five finance ministers on Saturday which dealt with the measures announced on Sunday was a "flagrant" breach of the Tokyo accord, said Mr Antonio Badini, Mr Craxi's diplomatic advices pretailed.

Antonio Badini, Mr Craxi's diplomatic adviser, yesterday. In Brussels, Mr Ginlio Andreotti, the Italian Foreign Minister, indicated yesterday, however, that Italy would not be the country to call off the Venice meeting.

Mr Andreotti — the man widely regarded as the most likely next Christian Democrat Prime Minister — said that Italy would not "interrupt the tradition of the G7," the seven-nation group which the seven-nation group which includes Italy and Canada as well as the US, Japan. West Germany, Britain and France

from the Group of Five. President Francois Mitterresident Franceis Mitterrand of France is due to visit
Rome tomorrow and is
expected to discuss the dispute with the Italian Government. Officials said, however, that the visit had been planned for some time and had not been arranged as a mission to smooth over the squabble.

Bid to heal

on research

BELGIUM was attempting last night to heal divisions between the EEC's three biggest mem-ber-states and the rest over

future research and technology spending.

The Community's 12 research ministers met in Brussels for a preliminary debate on the

European Commission's pro-posals for an Ecu 7.735bn

posais for an Ecu 7.755bn (£5.7bn) research budget from 1987 to 1992, ahead of today's meeting of the Research Council, which has the final say.

Belgium, as council chairman, is expected today to table a compromise in a bid to end

the resistance the proposal for increased research funding has

encountered from France, Britain, West Germany—the

EEC's three net budget contri-butors—and the Netherlands. They argue the Commission

is asking for too much and that it has not properly scrutinised the likely effectiveness of the spending it wants.

The Commission says this is

not a budgetary question, rather, an inviolable part of the

Community's response to the need to keep pace with technology in Japan and the US.

It is supported by Greece, Italy and Portugal, though Belgium and Spain would agree to

smaller figure than the Com-

Belgium is understood to be

hoping to get member-states to unite around a figure of Ecu

the genuinely new spending decisions likely to take place under the new programme.

The existing four-year Ecu 3.5bn research budget, which the new out at the end of the year.

runs out at the end of the year, has been underspent by Ecu

FINANCIAL TIMES

mission propos

holding.

EEC split

Eurofer plans further 5.7m tonnes cutback

BY WILLIAM DAWKINS IN BRUSSELS

Eurofer, the association of integrat- and represents a big step forward ed European steel producers, yes- for the Eurofer restructuring plan. terday outlined plans for another 5.7m tonnes of capacity cuts, bringing the total it is prepared to sacrifice to 15m tonnes.

Industry officials presented the details in Brussels to Mr Karl-Heinz Narjes, the European Industry Commissioner. This follows the publication of a report outlining 9.17m tonnes of possible closures

Eurofer is offering voluntary production cuts in a bid to delay for three years Commission plans to wind down by the end of 1987 the system of price and production quo-tas which has supported EEC steel producers since 1989.

The association has pledged to

terday represent rolling capacity volved until then.

It has evoked some scepticism from the Commission, which has been uncertain about Eurofer's abil-

ity both to deliver the volume of cuts needed and to win the co-operation of independent producers, representing 40 per cent of EEC steel capacity. Yesterday's report does some

thing to meet both criticisms because the 15m tonne total is well ahead of the 11.9m tonnes originally offered by Eurofer last year. That is because it includes the par-ticipation of 13 independent produc-ers, with the remaining 22 belonging to Eurofer.

The total is the result of a study provide fuller details of potential by accountants Peat Marwick into closures, including the mills to be 35 steel European steel makers. Eushut or restructured, by March 1 in roler confirmed that the final reume for EEC member states national officials to digest before being debated by a meeting of industry ministers on March 19.

The 57m formation and to national governments by the deadline; but that it would not be received. ry ministers on March 19.

It would not be possible to discuss The 5.7m fonnes identified yes-

Spanish wage talks face tough passage

BY DAVID WHITE IN MADRID

country's two largest employers - reforms in secondary schooling. the state-owned Rente rail network and Telefonica, the semi-state telec-unrest, the militant State Co-ordiommunications group - and at Ibe-nator of Secondary and University ria, the national airline.

federation, which recently gained a "vigilant" to see that the Governmajority position in all three com- ment kept its word. It would also panies, is fielding joint claims with continue to press for the abolition the socialist-led UGT. Their claims of university entrance examinarange 7 and 8 per cent - well above tions. the government's 5 per cent guide-

SPARRING over this year's wage istry and the last important student increases in Spain begin in earnest organisation not yet to have enthis week with negotiations at the dorsed the Government's offer for

After the recent wave of student School Students, said it would call The communist workers' union off further protests but would be

Other student bodies signed an ine. agreement last week after the min-The opening of what promises to istry offered to drop fees for state be a tough bargaining process coin-high schools, increase high school cided yesterday with the signing of a truce between the Education Min-boost scholarship funds.

Basque Socialists agree terms for coalition

BY OUR MADRID CORRESPONDENT

SOCIALIST leaders in the Basque country reached agreement last right on a coalition government with the Basque Nationalist Party (PNV), ending 12 weeks of intensive inter-party negotiations and staving off the threat of another election in

the troubled northern region. The planned new government is Ardanza, the outgoing Basque president of the PNV. Mr Ramon Jauregui, currently chief representative in the region for the Madrid Socialist Government, will be vice presi-

The PNV lost its dominant position in the Basque parliament last November after the formation of a

splinter party. However, it is now to share cabiin Thursday's session of the Basque

net posts equally with the Social-ists, who will take the main eco-date for the extreme Herri Batascunomic portfolios.

The new coalition, which jointly holds 36 of the parliament's 75 seats, will be put to the test in June

Details of the accord, the key parts of which cover further transfer of power from Madrid and policy towards Eta terrorism, are to be disclosed on Thursday when the to be headed by Mr Jose Antonio parliament is due to meet to vote in a president.

The Socialists had an agreement to support the PNV in the last parliament, but this is the first time they will be taking part in a coali-

Meanwhile, Spanish state prosecutors appealed against a court verdict allowing Mr Juan Carlos Yoldi, to leave prison, where he is being

Rotterdam dock peace hopes

BY LAURA RAUN IN AMSTERDAM

TALKS between striking dock stantive talks" yesterday, he has he Port of Rotterdam are to continue today amid signs that an end lightning strikes that have hit the profitability to this sector. world's biggest harbour.

The FNV transport union and

workers and cargo companies in suggested ways of limiting job losses to 200 and still saving money for the employers, who want to cut may be in sight to the five weeks of 350 jobs this year in a bid to restore

If the two sides fail to settle their general cargo companies are to re-sume discussions for the third day has given a warning that he will on mediation proposals tabled by halt annual state subsidies of Labour Ministry under-secretary around FI 10m (\$5m) for idle steve-dores during slack periods.



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Exchange rate pressures grow in Japan

BY IAN RODGER IN TOKYO

IN PARIS at the weekend, fit of his organisation's assess-Japan explicitly committed it-ment of Japan's needs and Japan explicitly committed itself to "follow monetary and
fiscal policies which will help
ducted before the Paris meet
to expand domestic demand."

This is not the first occasion
at which it has made such an
policy options confronting his
undertaking, but Japan's concountry were already at a peak. policy options confronting his country were already at a peak. Mr Saito has acquired some notoriety for his views on the exchange rate, but he does not shrink from reiterating them. "I think the yen should be at least Y190 to the dollar for cerns over the depreciation be-ing wrought on its economy by soaring cuttency have never Having pushed hard for the

ministerial meeting, it must be assumed that Mr Kiichi Miyamanufacturing industry, but it would be satisfactory in a wider zawa, the Finance Minister, meant what he promised. range from Y180 to Y200.
"That is probably wishful thinking, but both management and labour unions are putting But the Japanese power system is complex and what a finance minister promises in Paris can look very different in the cold light of Tokyo. Con-servative forces inside the Govthe view strongly to the Govern-ment and the Prime Minister that we hope to see the ex- we see change rate return to this level. ment ernment remain as averse to conventional fiscal stimulation of the economy as the country's influential business establish-

"In our view, the prevailing exchange rate is too high. Japanese manufacturing industry cannot survive. We have been thrown into this condition ment has traditionally been.
Yet their views are not set in concrete. Mr Eishiro Saito is He acknowledged, however, that some industrial sectors, such as refining and retailing, were benefiting significantly from the rise in the yen.

The Keidanren's main concerns this year are likely to be the new chairman of the Keld-anren, the most important of

federation of British Industry but packing much more politicerns this year are likely to be the growing level of unemploy-A career steel industry exement and the ongoing trade frictions. Until now, the organ-

Japan's Finance Minister, Mr Kiichi Miyazawa, said yesterday that economic measures agreed at the Paris meeting to stop the dollar's decline were "satisfactory" for Japan, AP reports from

The agreement calls for co-operation to stabilize ex-change rates at near current

"The Government should not abandon its commitment to eliminating deficit financing by 1990. On the other hand, because of the rise of the yen, we see a very serious unemploy-ment problem developing, especially in manufacturing in-dustry. Under these circum-stances, the flotation of national construction bonds is a positive measure and we support it,"

On the trade front, the Keidanren has floated the idea recently that Japan should voluntarily cut exports of some products, mainly with a view to preventing the yen from rising still further. "We should conduct sector specific negotiations and, if need be, we should restrain exports," Mr Saito said. Not surprisingly, the idea

levels and alleviate trade imbalances, he said on his return. But that would not mean "he news conference.

"The rates would float according to economic fundamentals . . . and we expect the fundamentals would improve in the US."

opponent of the Government's ment circles and, if the yen deficit financing, but Mr Salto resumes its upward course, it indicated that this line has would probably be imple-

had to change the way the third as much land as the US country's economy worked. land available for habitation, and a population of 120m to exports and a closed domestic house in that very small space,' market for prosperity. "But it said Saito said. will take time—as long as five According to this widely years. There is no possibility held view, the country had no here of a quick fix. Trade choice after the war but to surpluses of tens of billions of import raw materials, process

He recognised the need to abandon the export orientation of the economy and pointed to "In a few years' time, our suffering huge losses and has steelmakers will switch entirely just approved a plan to cut its

agriculture area, which has been considered sacrosanct, economic organisations such as this are coming to hold the view that something basic should be

We have been doing our best. It should be duly noted, appreciated. What more can we do? " But beneath that reassuring message was a strong undertone of the bitterness that many Japanese who lived through the hard reconstruction period after the war feel about the pressures

mented.

His message was simple:
Japan's leaders realised they resources and only one twentyhad to change the way the third as much land as the US

dollars cannot be wiped out in them and export 30 to 40 per one stroke." them just to get foreign

Mr Saito, a former chairman of Nippon Steel was understandseveral changes under way, ably unhappy about what was particularly in basic industries. happening to the steel industry. The coal mining industry, for example, was being reduced to one-fifth of its former size.

"I To four years," time out the steel companies in the world, is steel companies in the world, is



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EUROPEAN NEWS

Boost for Europe's mobile phone plan

THE plan to set up a pan-European mobile communica-tions system by the early 1990s received a boost at a meeting of experts from all main European countries in Madeira last week.

last week.

However, for the plan to go ahead, France and West Germany will have to fall into line with the system backed by the rest of Europe. The Madeira meeting was called to try to agree outline standards for a pan-European digital system, which would allow mobile communications across Europe for the first time. It would also help deal with capacity problems which are expected to emerge by the early 1990s in the first generation analogue systems, set up in each country on the basis of incompatible standards.

in each country on the pass of incompatible standards.

The meeting considered the results of trials carried out in Paris last year by the European telecommunications authorities of eight initial proposals for a page Furnage put for pan-European system put for-ward by West German, French and Scandinavian companies.

The trials came down in fav-

our of a narrow band solution to the problem of access to the to the problem of access to the frequency channels, which was supported by six of the initial proposals. They also concluded in favour of a set of standards which were picked from a nuxber of the initial proposals.

Thirteen of the countries represented at Waddira want.

Thirteen of the countries re-presented at Madeira went along with these conclusions. However, France and West Germany said they preferred a wideband solution, the approach adopted by some of the French and West German proposals during the Paris trials.

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They have agreed to reconsider their positions and inform the other participants by March

Mobile communications experts believe that a pan-Europerts believe that a pan-ento-pean system could open up a huge market for European equipment suppliers. However, they also believe that Europe must move fast to set up the system in order to prevent US and Japanese companies from supplying most of the equip-

Kurdish attack leaves 14 Turks dead ... By David Barchard in Anjora:

KURDISH terrorists have killed another 14 people in an attack on a village guard house in eastern Turkey close to the Turkish-Iraqi frontier. The semi-official Anatolia News Agency said that the dead were mostly women and children women and children.

wounded, six seriously. The attack appeared to be the latest in a series carried out by terrorists entering Turkey from across the frontier. In each case

across the frontier. In each case the target has been the home of "village guards," a recently created force who protect the local civilian population.

The latest killings underline the seriousness of the security problem in eastern Turkey. Terrorist attacks have claimed 34 lives in five separate attacks since mid-January. Most of those killed have been women and children. Since the present and children. Since the present terrorist campaign began in eastern Turkey on August 15 1984 there have been 433 violent clashes

Gorbachev learns

to defuse weapon of human rights

terday of Mr Iusuf Begun and the earlier release of Mr Boris the Western press and govern-Koryagin, two of the most ments was almost complete pol-prominent imprisoned Soviet itical isolation for the dissidents Koryagin, two of the most prominent imprisoned Soviet political dissidents brings the Kremlin's bid to defuse the issue

Kremlin's bid to defuse the issue of political prisoners to a climax. When Mr Mikhail Gorbachev became leader in 1985, between 750 and 900 people were held on political grounds in labour camps, prisons or exile according to well-informed diplomats in Moscow. They estimate another 1,500 prisoners were held for religious activities. held for religious activities.

During the first 18 months
Mr Gorbachev was in power there was a trickle of releases, but the signal that overall policy had changed did not come until the release from exile in December of Dr Andrei Sakharov, the leading Soviet dissident. The Soviet authorities say that in recent weeks they have freed another 140 pri-

soners and are reviewing another 140 and 150 cases. The problem for Mr Gorba-chev is that in the short term the process of releasing prisoners has reactivated, in the eyes of world public opinion, the issue of human and civil rights in the Soviet Union. He seems to have ruled out a general amnesty. The obvious method of dealing with this, as too evident a repudiation of the policies of the Brezhnev years. The result is that Soviet foreign policy makers, conscious

of the damage to the Soviet image abroad, have been trying to speed up the releases while the Ministry of the Interior and the police have moved slowly and obstructively. But, for all the fits and starts of vector releases W. Corbe. of recent releases, Mr Gorbachev and the men around him have come to believe that they paid far too heavy a political price in terms of the Soviet Union's international reputa-tion for the detention of a mall number of dissidents.

They do not pose any politi-cal threat because there has not been a dissident movement, in the sense of a loosely organised opposition, for almost 10 years. Belief in its existence is fostered by the common fate of individuals not conforming to the political norms of the Brezhnev era, rather than a re-flection of the activities of a

political organisation.

This was not always so. The movemen had its greatest in Gorbachev is not applause pact on Soviet intellectual life from intellectuals in Moscow between 1967 and 1977 during but the knowledge that political which time, writes Dr prisoners will no longer be a Medvedev, it "created an alternative ideology and competed rather successfully with the It is this which clearly

But by the end of the 1970s and early 1980s, increased repression at home and the decline and eventual collapse of detente between Moscow and Washington leargely destroyed the organised dissident groups. In 1982 Mr Vitaly Fedorchuk, the head of the KGB security police, said: "Only 15 or 20 of them are still at liberty and we could arrest them all in one

Despairing of the forces for change within the Soviet Union, many dissidents looked to the West as their only source of leverage. "The Western Gov-ernments must try to obtain concrete results." Dr Sakharov

within their own country. The dissident groups had largely sprung from and belonged to the intelligentsis, but over the last 10 years, few well-known intellectuals turned to active op-

position. Despite this, dissidents were significant for two reasons: They expressed opinions at a time when the Kremlin regarded as a state secret everything from a ship sinking to the infant martelity rate and more fant mortality rate and, more important, their fate was re-garded by much of Western public opinion as a barometer of the state of human rights within the Soviet Union. The biggest impact of the releases within the Soviet Union

to give strong support to the present leadership. Intellectuals long passively alienated under Mr Brezhnev and initially cynical about Mr Gorbachev, have become fulsome in his praise over the last six months.

praise over the last six months.

This change in the political sympathies of the strata from which most of the returning

political prisoners spring mean

that the natural constituency for

opposition no longer exists as it used. Mr Gorbachev and his supporters are much more ner-

vous of the threat from the conservatives within the party

and state machine than they are

of writers and academics, in prison or out.

It is this which clearly

Scharansky, freed a year ago, and other campaigners for

freedom to emigrate for Soviet Jews, of whom there are about

1.8m. Political prisoners, dissi

dents, Jewish emigration and Jews refused exit visas are

peripheral issues in domestic Soviet politics and the Kremlin

wants to free its hands to take the political offensive in influencing world public

This has determined the pace and numbers released from jail. In January the Soviet

authorities also said they would

review several thousand of the 11,100 Jews refused exit visas

for security or other reasons The official spokesman claimed

and other

apinion.



Freed dissident Mr Iusuf Begun greeted yesterday by friends and supporters in Moscov

But overall Mr Gorbachev is

Patrick Cockburn reports that the release of dissidents will free Moscow from an old propaganda war with the West

that 500 visas had been issued

in January. The refuseniks are being aken as a special case, exempt from the provisions of a new decree on emigration which came into force at the start of the year. This simplifies emigra-

The late Russian writer Boris Pasternak, known at home for his poetry and abroad for the novel Doctor Zhivago, has been rehabilitated by the Soviet Writers' Union nearly 30 years after

his expulsion, Reuter reports from Moscow.

Pasternak was thrown out of the Writers' Union after Doctor
Zhivago was published in the West in 1957 and he was
nominated as Nobel Laurente for Literature the following
year. The author rejected his Nobel prize under intense pressure from officials and died in disgrace in 1960 at the age

But amid growing liberalisation in the arts and the publication of previously banned works by numerous writers, the authorities announced this month that Doctor Zhivago would finally be published in the country where it was written.

is likely to be on the intelli-gentsia, from whom the prisoners largely come. The re-lease of Dr Sakharov and the tion procedures but also limits the right to leave the country to people married to foreigners or with close relatives abroad. greater freedom of expression in the press and arts allowed under Mr Gorbachev has led much of this influential group potential | Most

release a week ago.

well on his way to defusing the issue of civil rights as a weapon which can be used against the Soviet Union. His advisers Jewish emigrants, of whom the Israeli Government says there are

400,000 would not be able to and above all the US, which in follow the 267,000 who have the past Moscow did not underemigrated since 1969. The release of all well-known always defeated.

political prisoners and the departure of many of the It was never realistic to make a judgment of the state of civil rights in the Soviet Union refuseniks would make it much based on the freedom or imprisonment of a small number of political dissidents or the right to emigrate of more difficult to get attention for the emigration issue. Mr Gorbachev and his advisers, unlike their predecessors, are very conscious of the fact that dramatic individual cases have Soviet Jews who wish to leave the country rather than change been the basis for past agita-tion and will do their best to ensure that these are defused before they get heavy publicity. They will not always succeed By improving the condition

of either of these two groups, tiny by comparison with the 280m population, and largely —as was proved by the police plainclothes squad attacks on for foreign policy reasons, Mr Gorbachev can now win an Mr Begun's family and accompanying foreign journaeasy reputation for improving the position of all Soviet lists at a demonstration for his citizens

Ironically Mr Gorbachev, a genuinely tolerant man, also appears anxious to increase the rights of the individual Soviet citizen, but these aspirations have yet to limit evidently see the prisoners now the arbitrary powers of being released as actors, government or improve the conscious or unconscious, in a position of the individual in propaganda war with the West, his relations with the state.

Military marches to reformist tune

Sokolov, says that the country's armed forces are reorganising themselves in line with the reforms advocated by Mr Mikhail Gorba-

chev. Writing in the Communist party newspaper Prayda, he says, however, that certain officers have not yet grasped the essence of Mr Gorbachev's "reconstruction" programme aimed at revitalising Soutet context thereoff these Soviet society through eco-nomic and social reform.

"Not all of our com-manders, political instructors and staff officers have fully

realised the essence of re-construction, defined their role and position in it, under-stood that it is necessary to begin with themselves," he

says.
Military training schools should play a major role in the reconstruction drive, he adds. Training work with army and navy units will become more practical to familiarise soldiers with the

conditions of combat.

Marshal Sokolov also accuses the US of seeking military superiority and calls for the reduction of US and Soviet military forces "down to a limit which is indispen-sable and sufficient for defence."

• General Wolciech Jaruzeiski, the Polish Communist leader, has told grass-roots party officials that they are too completent in the attitude to continuing social and poli-tical problems, writes Christopher Bobinski in

Warsaw.
The criticism echoing Mr Gorbachev's recent themes came during a speech to the largely conservative Warsaw party organisation at the

weekend in which the general backed the Soviet leader's reforming

unequivocally. His attack on his own activists included the threat that incompetent officials would be sacked, and was supweath the season, and was sup-plemented by the promise of unspecified institutional reforms. He called Mr Gor-bachev's policies the "Leninism of the end of the 20th Century" and defended them against dogmatic oppo-

• The orthodox Communist parties of East Germany and Czechoslovakia tightened ranks yesterday in opposition to Mr Gorbachev's reforms, writes Leslie Colitt in Berlin. East Germany's main newspaper, Neues Deutsch-land, displayed its support for the hardline chief ideologist of the Czechoslovak party, Mr Vasil Bilak, by publishing an interview with him which first appeared last Friday in the Czechoslovak press.

Mr Bilak warned that "some people" in Czechos-lovakia wanted to use the "sympathies" for the Soviet reforms to harm socialism. Recently Mr Bilak accused Czechoslovaks who were entbusiastic about Mr Gorbachev's policy of hiding their "anti-socialist" activi-

East Germany's publication of the interview in the edi-torial column of Neues Deutschland indicate the two Deutschland indicate the two communist parties share similar worries about Mr Gorbachev's policies of "re-newal" and "democratisa-tion." Not since the Soli-darity era in Poland has East Germany identified itself so closely with the warnings of the Czechoslovak leadership.



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OVERSEAS NEWS

AMAL LOSSES PUSH ASSAD DEEPER INTO THE QUAGMIRE

Syria's act of desperation in Beirut

using surrogates and allies.

Much more diffidently Syria

two militias, which have effectively controlled West Beirut since February 1984 when they

THE RETURN of Syrian troops in force to the streets of West Beirut was seen yesterday by diplomatic observers as an act of desperation by President Bart and Assad's regime.

Syria has had a continuous military presence in Lebanon, currently numbering 25,000 men in the north and in the Bekas valley, since its first intervention in 1976 which brought an end to the first intervention in 1976 which brought an end to the first was that the real target was the round of the Civil war. Yet, since the Syrian army's Still Brigade was evacuated from Belarut's predominantly Moslem sector in August 1982 under seize from the invading largely because Syria's main serving teacher objective of minimal control the sought of achieve its objective of minimal control dividence because the Shi'nte military to seen the sector, a measure of order following a marchy diplomatic observers as an act of desperation by President and the growing regime and the grewing that the admittance to the control of the seed to the numerically much of the numerical properties of the numerically much of the numerical properties of the numerically much of the numerically much of the numerically much of the numerical properties of the numerical pr

the Shi'ite militants who are



Beirut residents back on the streets

It is the hizbullahis who have

friendly to the Palestinian whether the Syrians will go cause whose ultimate objective into the teeming southern is the destruction of Israel. West as a sponsor of terrorism tremists have their stronghold. been making the recent run-ning in attacks on Israel's proxy, the South Lebanon Army, in the border buffer zone. The question now is tremists have their stronghold. Having been branded in the last autumn Mr Assad would like the kudos of solving the problem of hostages,

to distribute free papers in Singapore

By Steven B. Butler in Singapore

THE Asian Wall Street Journal yesterday proposed to distribute copies of the newspaper free of charge in Singapore to all pay-ing subscribers and hotel purchasers who were on the Journal's rolls on February 13, when the Singapore Government slashed the Journal's circulation from 5,000 to 400.

The proposal offers a direct challenge to the Government's claim that it has cut the Journal's circulation not to restrict the flow of information, but to punish the Journal by cutting into its profits.

The Journal yesterday would not release figures on the cost of the printing and distribution operation, although it is thought that this is likely to exceed any potential drop in advertising revenues that would be caused by a cut in circulation.

The Singapore Government ordered the Journal to cut circulation after the newspaper refused to print a letter from a strong issue with an article in the paper about Singapore's new second tier stock market, the stock exchange of Singapore

Mr Fred Zimmerman, editor and publisher of the Asian Wall Street Journal, said in a letter to subscribers released yester day, that the paper had dropped

The government has waged a vociferous campaign against the newspaper over the past two weeks, with Mr Yeo Ning Hong, Minister for Communica-tions and Information, alleging

Journal plan | Hanoi to boost private enterprise |

that would encourage private enterprises in Hanoi, the Vietnamese capital. They come only one week after a government matic economic reformers.

Hanol Radio was quoted as saying that the reform measures them to set sales prices. Export would help to reduce urban businesses would be able to unemployment. The measures borrow in foreign currency for which reformists were moved the import of raw materials. were provisional, however,

VIETNAM announced sweeping Mr Nguyen Van Linh took over their ideas. Patents could be economic measures yesterday as General Secretary of the Vietnamese Communist Party in December and indicate a pragmatic approach to solving businesses would be able freely Vietnam's deep economic woes. It still is unclear if private businesses would be able freely vietnam's deep economic woes. one week after a government reshuffle that promoted pragmatic economic reformers.

The measures would give tax breaks to private businesses during their first year of opera-

the import of raw materials.

The measures also make a

sold and businesses could sell goods with trademarks effixed. restriction on hiring would severely limit the potential growth of private enterprises, which were made legal only last

into key positions in the governpending approval by the municipal people's council.

The measures also make a stab at protecting intellectual property by providing for inventions.

These would appear to be the first economic initiatives since of any profits earned from policy that may be in the offing.

The measures also make a ment, these measures would ment, these measures would appear to be the first economic initiatives since of the municipal ment, these measures would appear to be the first economic initiatives since of the municipal ment, these measures would appear to be the first economic initiatives since of the municipal ment, these measures would appear to be the first economic initiatives since of the measures also make a stab at protecting intellectual property by providing for inventional leadership does that the Communication in the government, these measures also make a stab at protecting intellectual property by providing for inventional leadership does that the Communication in the government approaches to the counter in the property in the ment, these measures would appear to be the first economic initiatives since of the municipal ment, these measures would appear to be the force of civilians also make a protecting intellectual property by providing for inventional leadership does on would initiative since of the first economic initiatives are not property by providing for inventional leadership does on would into the first economic initiatives are not property by providing for inventional leadership does on would appear to be the first economic initiatives and the first economic initiatives are not property by providing for inventional leadership does on would appear to be the first economic initiatives are not property by providing for inventional leadership does on would appear to be the first economic initiatives are not property by providing for inventional leadership does on would appear to be paid 15 to 20 per mental changes in economic initiatives are not property by providing for inventional leadership does on wou

Sri Lanka toll reaches 2,000

By Mervyn de Silva in Colombo THE TAMIL separatist insur-

THE TAMIL separatist insurgency and connected acts of violence claimed 2,000 Sri Lankan lives in 1986 according to a State Department report prepared for the US Congress.

The report, based largely on official data, says the number includes 200 servicemen, 1,000 alleged members of the Tamil "alleged members of the Tamil militant groups," and 700 non combatants killed by militants. Of the 700 civilian deaths, 190 were Sinhalese, 170 were Tamils and 40 were Moslems. Most of the killings were in the

Manila asks bishops to set up local ceasefire groups

BY RICHARD GOURLAY IN MANILA

The Philippine Government ally uncommitted rebels in the yesterday asked eleven bishops in the powerful Catholic Church to set up local ceasefire committees to work towards a policies.

General Fidel Parson Armado committees to work towards a policies.
regional peace in the 18-year General Fidel Ramos Armed communist insurgency after Forces Chief who attended the talks at a national level failed meeting said "our position is last month. Top defence officials met a

delegation of bishops in Manila to work out details of the regional talks, and to coordinate civilian and military a local level, is based on the hope that the Communists' national leadership does not control the regional comman-ders of the estimated 16,000-

Victor Mallet reports that the veteran president is facing a severe test of his statesmanship

Kaunda fails to unite Zambia as problems mount

WORLD was succinct. "It's a beautiful country with many resources,"

which at least 15 people were killed, opponents of Dr Kaunda

Ideologues on the left wing of

he said. "It has problems." Those problems—the falling outcry against economic austroadblocks where tvarellers are tersty and hostility between Zambia and South Africa—have begun to undermine the control of the people have made known fidence of President Kenneth Kaunda's administration and to threaten the showcase economic tion system (Sesdaq). reform programme supported by the International Monetary Fund (IMF) and the West. Since the riots over rising food prices in December, in

consideration of a legal chal-lenge to the Government's action.

on Saturday that the Journal's refusal to print the Government's letter was a "tyranny of the press."

The newspaper refused to

print the letter on the grounds that it made false allegations of errors in the article

BANK President Kaunda for supporting eco Berber Conable's assessment of sanctions against South Africa Zambia during his recent visit despite Zambia's dependence on South African ports and railways for its trade.

Ordinary Zambian's complain bitterly about soaring prices, Those problems—the falling government extravagance on value of copper exports, increasprojects such as the new Unip ing urban poverty, a public headquarters in Lusaka and

> The people have made known their displeasure by responding only apathetically to calls on them to register for local party elections later this year. Government officials are already looking nervously ahead

to next year's parliamentary and presidential elections, mindful that voter turnout is the important statistic in the curious logic of one-party elections. The Government's response to the food riots and the open the ruling United National Independence Party (UNIP), the
only legal political party, have
accused the Government of
betraying its socialist principles by dealing with the IMF
and swallowing capitalist
economic medicine.
From the right wing, backattacks on its policies has been attacks on its policies has been hesitant and at times confused. In the words of one pessimistic Western diplomat in Lusaka: "The Government is obviously

floundering. The consensus that has been a feature of Zambian

An explosion, thought to have been caused by a bomb, damaged a post office on the outskirts of Lusaka, the Zambian capital, on Sunday night. Noone was injured in the blast Chelston, .. one of .. the districts where rloters pro-testing against high food

in 1964 and has followed the the Finance Ministry and replacfour years, revitalising agriculture and introducing a foreign exchange auction to devalue the currency and end the corrupt allocation of import licences. But he has recently started to backtrack on the most impor-tant measures in the IMF

To placate the rioters last year he reluctantly reintro-duced basic food subsidies, which were being phased out to cut government spending and encourage farmers with higher prices, and nationalised private maize milling companies. This year, two days before the budget at the end of January, he suddenly suspended the weekly feetings. economic medicine.

From the right wing, backbench members of parliament
has been a feature of Zambian
foreign currency auction after
more than a year of operation
bench members of parliament
have repeatedly castigated Dr

Since independence from Britain

Mr Basil Kabwe from

prices went on the rampage in December last year. The Zambian authorities, faced with the threat of raids from South Africa because of the presence here of the African National Congress guerrilla organisation, have become increasingly securityconscious in recent months.

ing him with Prime Minister Kebby Musokotwane. Western donor countries and local businessmen were exas-perated, not so much by the limits he fixed for the kwacha (between nine and 12.5 to the dollar compared with about 15 to the dollar at the latest

auction) but by the timing of the announcement and its several internal contradictions. Dr Kaunda said the kwacha would be pegged to a basket of currencies to replace the rate

businesses clamour for foreign exchange and the central bank tries to clear the backlog of settlements from earlier

sizzm for auction funds. The money, conditional on the fuctioning of the auction, is now frozen in the same way that \$18m of US aid for agriculture has been held up by the reintroduction of food subsidies.

The Zambian economy is in discretifications.

The Zambian economy is in dire straits. Growth last year was a feeble 0.5 per cent, against a population growth rate of 3.5 per cent. The inflation rate is around 60 per cent. The country is in arrears on the

in 1986 from 462,919 in 1985. "The one statistic which perhaps best conveys the enormity of the economic problem facing us is the large external payments gap," said Mr Musokotwane in this year's budget. A serious consequence of millions of dollars of foreign aid money which was being channelled through the auction system. A few days before Dr Ruanda's announcement, for Ruanda's announcement, for had pledged ments gap will be in the region of Sibn."

Rotwan.

By that I mean the which our foreign currency requirements exceed our export receipts. This years we estimate that the external payments gap will be in the region of Sibn."

Meeting in Paris in Decem-ber, the consultative group of donors for Zambia decided the country would need between \$500m and \$550m annually over the next several years to implement its recovery pro-

gramme successfully and reduce its dependence on exports of copper and cobalt.

President Kaunda now faces a severe test of his statesmanship. Short of abandoning the essential reforms for which Zambians have already sacriof currencies to replace the rate fixed by the auction, but also servicing of most of its \$5bn set rigid new limits and said the auction of dollars would continue to be used as a mechanism to allocate foreign exchange and determine the exchange rate.

An IMF/World Bank mission is visiting Zambia this week to discuss the future of the auction

The country is in arrears on the servicing of most of its \$5bn foreign debt, with arrears to the Zambians have already sacrificed so much, he seems to have no choice but to collaborate bursement of any new IMF money to Zambia. Oil supplies with the Western donor countries at the same time as trylies of financing purchases. Copper exports, earning about storms in Zambia and Southern africa as a whole.

This announcement appears as a matter of record only.

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AMERICAN NEWS

Brazil prepares radical plan for creditor banks

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL is preparing a package of radical proposals for the forthcoming rescheduling talks with commercial creditor banks on its \$104bm foreign debt.

Details of the proposals are being kept secret, but reports from Brasilia say the plan will involve a departure from previous rescheduling arrangements and go well beyond a simple roll-over and reduction of spreads on interest rates.

In a telex to foreign bank representatives in Brazil at the weekend explaining Brazil's indefinite suspension of mediam and short-term interest payments, the Government gave assurances that it would adopt a positive approach to the talks.

The message from the country's foreign debt.

Not request concessionary interest rates, presumably interest rates, presumably interest rates, presumably implying below the London interest rates.

Not request concessionary grip debt.

Not request concessionary grip debt.

Not request concessionary grip debt.

Not request concessionary grip on the economic crisis that interest rates.

Not request concessionary grip on the economic crisis that interest rates.

Not request concessionary grip on the economic crisis that interest interest interest names of the London interest rate.

Not demand any solutions the London interest rates, presumably implying below the London interest rate.

Not demand any solutions that the Government is taking a firm grip on the economic crisis that interest interest interest interest interest interest interest presumably interest rates.

These undertakings have left foreign bankers bemused as to what sort of proposition Brazil has in mind.

"Either Mr Funaro believes there will be a rapid improvement in the country's balance of trade, or there will be a rapid improvement in the country's balance of trade, or there will be a rapid improvement in the country's balance of trade, or there will be a rapid improvement in the country's balance of trade, or there will be a rapid improvement to the debt issue that involved as to what sort of proposition Brazil has in mind.

The Fina

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del Barra de Wilo attende de Maria de M

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By Laura Raun in Amsterdam

Bouterse, almost paralysed the country recently when it blew up transmission towers, forcing

news agency reports from Paramaribo, the Surinamese capital.
The protests were described as unprecedented

Peru law chief

PERU's Attorney General escaped unhurt but his son and two others were slightly injured yesterday when a

bomb exploded as their car

drove through suburban Lima, eye witnesses said,

Renter reports.
Police said Mr Cesar
Elejalde's son, Cesar, his

were hurt in what appeared

to be the latest of a wave of attacks by Maoist Sendero

guerrillas in the Peruvian

Luminoso

(Shining Path)

escapes blast

proposals would:

dubious that sums of this size points after a long period of

Not seek cancellation of any are likely to be available with-

assurances that it would adopt a positive approach to the talks,

The message, from the Finance Minister, Mr Dilson in the forthcoming talks.

Funaro, insisted that Brazil's monthly for about \$4bn in new money in the forthcoming talks. Currently foreign bankers remainded in the finance of this circumstance optimistic."

Markets in Brazil appeared to be reacting calmly yesterday to the decision to suspend its interest payments yesterday. The key Sao Paulo Bovespa index rose 5.8 per cent to 6,086 and the first sum of this circumstance.

Dutch send Mexico opposition chooses aggressive leadership food to Surinam

BY DAVID GARDNER IN MEXICO CITY

THE NETHERLANDS is giving tent on keeping the issue of clean elections before a public ever more alienated by the ruling Institutional Revolutionary in favour of a more vigorous F12.1m (£662,000) of food and medicine to Surinam, its embattled former colony in South America, amid growing con-cern over the civil war. Party (PRI), which has been The anouncement comes as in power for 60 years. the 18-month rebellion, led by a former soldier, Ronnie Bruns-wijk, is intensifying.

Mr Luis Alvarez, until recently mayor of Chihuahua City, were encouraged to take is to be the new president of to the streets in defence PAN, at the head of an execu-Mr Brunswijk's Jungle Commando which aims to overthrow the regime of Lt. Col. Desire

the Government to ration elec-tricity and the vital bauxite industry to close.

Hundreds of students demonstrated last week against official repression and lack of food, chanting "no bread, no school," according to Dutch

MEXICO'S main opposition electoral advances, which from group, the right-wing National September, 1983, have for the Action Party (PAN), has chosen most part been halted by a new aggressive leadership in-alleged ballot-rigging.

in favour of a more vigorous response to government imposition of PRI candidates.

cutive strongly weighted towards party radicals and prominent businessmen from the
northern states.

The new blood comes from
the businessmen states of Search the Covernment wited out but the border states of Sonora, the Government waited out, but Nuevo Leon, Chihushua, sinaloa, and Durango, in all of which the PAN has made major rest of the country

US Supreme Court to rule on death penalty for minors over alleged irregularities in their bargaining tactics. At the weekend, however, both sides announced, to the surprise of most analysts, that a tentative pact had been reached, although they would not disclose details.

BY NANCY DUNNE IN WASHINGTON

THE US Supreme Court agreed yesterday to hear a controversial appeal, which could conclude that the death penalty imposed on minors is a "cruel and unusual punishment" and therefore unconstitutional.

The brother-in-law was

therefore unconstitutional.

Only 14 of the 37 US states
with death penalties exclude
minors from capital punishment. One state, Indiana, permits the execution of convicts attorney argued that "killing
who committed crimes at the
age of 10. Last year, South
Careline overted W. J.

Pilots' pay deal lifts threat of strike

By Anatole Kaletsky in New York AMERICAN AIRLINES, the

third largest and most profit-able US airline, has reached an unexpected pay agreement with its pilots,

The move should forestall threatened strike at the only major US air carrier which has managed to avoid industrial disruption since the industry's deregulation in 1978.

The deal may also open the way to a large and unusual order for Airbus and Boeing aircraft which American was on the point of placing late last year, when talks with its pilots broke down.

At issue in American's bargaining was the two-tier pay system which has enabled some traditional US airlines to compete against aggressive new carriers with much lower labour costs, which have sprung up since the deregulation of US

By paying some new recruits as little as 50 per cent of the salaries of established employees, American has managed in the last few years to keep its costs of expansion 20 per cent below the average unit costs of its "core" operations

This has helped American to remain profitable and still fight off the incursions of Texas Air Corporation, the rapidly-growing and largely non-union company which has become the largest US air carrier by undercusting and then swallowing several high-cost airlines

In talks on the extension of their labour contract, American's pilots had been demand-ing an early merging of the salary levels in the two-tier pay scale in view of the airline's

considerable profitability.

But in its last public response, American had offered to merge the two pay scales only after 17 years, threatened to cut jobs and sued the unions over alleged irregularities in

Democrat enters presidential race

US Congressman Richard Gephardt yesterday became the first Democrat to enter formally the 1988 presidential race, promising to end what he called an era of disrespect for the law from the White House down, Reuter reports from

Carolina executed Mr James damental standards of decency Terry Roach for a murder committed when he was 17.

The Supreme Court has nothing in the constitution agreed to rule on an appeal implied that a person's age from an inmate in Oklahoma, should be a mitigating factor.

Wall Street we must get rid of the dangerous idea that the proper standard of conduct is whatever someone can get away with," said Mr Gephardt, 46, from St Louis.

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WORLD TRADE NEWS

American Airlines to the USA from 8 European

From London/ Gatwick, Manchester, Paris/Orly, Frankfurt, **Dusseldorf**, Munich, Geneva^{*} and Zurich:

cities.

Boeing wins \$575m Japanese jet order

By Michael Donne, Aerospace

JAPAN AIR LINES (JAL) has placed a \$575m (£410m) order with Boeing of the US for three extended-upper deck 747-200 Jumbo jets and four medium-to-long range 767-300s.

67-300s. JAL has also converted an earlier order for two 767-200 aircraft into the larger Series 300 models. Of the six new 767s, three will be for international routes and three for domestic operations in Japan. The airline's expansion plan to meet traffic growth requires delivery of the bigger 767-300 twin-engined aircraft between September, this year and June 1988.

Two of the three new

Two of the three new Jumbos are 563-seat short-

Jumbos are 563-seat short-range aircraft specially designed for use on Japanese internal routes, and the third is for international routes. One will be delivered later this year and the other two in 1988.

The new order will bring JAL's 747 fleet in service or on order to 60 aircraft, the biggest individual airline Jumbo fleet in the world. It also has on order or in service 13 Boeing 767s and 12 three-engined 727s.

Italy exports clothing worth L12,200bn

By Alan Friedman

ITALY last year exported a record L12,200bn (£6.2bn) worth of clothing, an increase worth of clothing, an increase of nearly 18 per cent on the level of export sales in 1985. According to preliminary 1986 figures from the Italian elothing manufacturers' association, the industry last year achieved a trade surplus of L10,340bn. Imports rose by 23.5 per cent to L1,860bn, but Italy continued to sell more than six times as much clothing as it imported.

than six times as much clothing as it imported.
Italian clothing exports last year represented 47.5 per cent of the sector's total revenues of L25,700ba. This total result was itself 12 per cent higher than in 1985.
Overall employment in the Cent nigner man in 1985.

Overall employment in the Italian clothing industry declined by roughly 2 per cent last year, to 326,000 people. The vast majority of these are found in small workshops and featured. workshops and factories.

Groups vie for Malayan Railway

BRITISH, Canadian, French and Japanese companies have submitted proposals to buy the Malayan Railway for one ringgit (40 US cents), Mrs Rahmah Othman, Deputy Transport Minister, said yesterday, Reuter reports from Kuala Lumpur.

The Government announced in October that the railway was for sale for one ringgit to anyone who agreed to run the deficit-ridden system.

The railway has been incur-The railway has been memoring huge losses but is a vital means of transport in Malaysia, especially for heavy goods. Details on whether a new owner would also take on the losses, how long the new owner could keep the railway, and other matters have not been clarified. have not been clarified.
Although Malaysian groups

have shown interest, "the keenest interest is coming from the foreign companies, especially the Canadians and French," Mrs Rahman sald.

BY DAVID BARCHARD IN ANKARA

final decision on which project to proceed with.

Turgut Ozal.
The Queensland Government

the Turkish Government com-

mitting both sides to report on progress within 45 days.

Officials say the Government has also reached agreement with the other two consortia on

all fundamental points other

than the prices involved.

"We have solved our problems with the US Eximbank," one official said. Both Eximbank of the US and the Swiss

Turkey asks consortia

to re-submit power bids

THE Turkish Government has asked three foreign consortia to provide their best offering to build power-plant using imported coal to resubmit their bids within two months so that it can make a foul deligion on which project

Three consortia, headed respectively by Bechtel of the US, Brown Boveri and Co of Switzerland, and Seapac of Switzerland, and Seapac of Secoli: Canada and the US are

Australia, have been negotiat putting pressure on the Southing with the Turkish Govern-Korean Government to divert

ment for nearly two years about its coad imports away from building separate power plants, Australia, Senator Gareth Evans each of around 1,400 Mw Australia's Energy and Re-

each of around 1,400 Mw Australia, Senator Gareth Evans annual capacity and operating sources Minister, said. Transfer franchise model favoured by Prime Minister trade deficits with Santal Turgut Ozal.

The Queensland Government plus of \$500m (£357m) last recently signed a protocol with year, mainly through exports of

bank of the US and the Swiss both in terms of price and guality, Senator Evans said he provide funds for a substantial portion of the funding for the Bechtel and BBC consortia respectively.

coal and iron ore.

Australia's market share of

South Korean energy contracts has been felling over the past few years despite Canberra's

efforts to improve the trade belance between the two coun-

Pointing to the competitive advantages of Australian coal

FT correspondents assess European reactions to Washington's attacks on subsidies

Airbus partners close ranks against US

in doubt over the project to build the proposed new Air-buses, those doubts appear to have been laid to rest by the recent US criticisms of the

Only West German indus-trialists and politicians have been noticeably quiet since the brief and excited skirmish over Airbus subsidies caused by the visit of a US government team to Europe earlier this month. Unlike the French partner in

Airbus, the German leader, Messerschmitt Bolkow Bloehm (MBB) has wide ties with the us which could prove very damaging were they disturbed.

Although a formal British decision will not be announced until after the Budget on March 16, the prevailing view in White-hall and the aerospace industry is that British Aerospace will be offered at least part of the £750m it has sought in launch aid to enable it to build the wings for the new Airbuses,

its own resources or from the Given and Trade.

The decision has been delayed largely because Airbus has expanded its plans and intends to offer two versions of the A-340 long-range jet, the Series 200 and Series 300, and the additional paperwork involved has prolonged the discussions between the Department of Trade and Industry and BAs.

The UK view is that, apart from the outright rejection in Western Europe of US allega-

which will mean BAe raising the remaining cash either from

its own resources or from the

from the outright rejection in the airlines who may of whether the European con-Western Europe of US allega-tions of unfair subsidies, the not been put off by the timing of the new attacks on complaints from Washington, Mr Chirac missed no oppor-

It is pointed out in Whitehall

that the UK has only provided £250m to Airbus for work on A-320 wings, under the launch aid machinery, and that is a specifically repayable loan, through interest and a levy on sales. The success of the A-320 to date makes it certain that

to date makes it certain that
the money will be repaid, probably with a profit to the UK
Mr Geoffrey Pattie, the
Minister for Aerospace in the
Department of Trade and
Industry, made it clear to the
US team that the UK took a
poor view of its mission in the
light of the recent British Airways' murchase of over \$4hn ways' purchase of over \$4bn worth of Boeing 747-400 Jumbo jets and the Government deci-sion to buy the Boeing Airborne

were barely able to conceal their glee over the US assault which they see as providing the final proof that they have a first class product on their bands

THE EUROPEAN Airbus A-320 twin-engined 150 seater jet airliner, which made its successful maiden flight over the week-end at the Airbus assembly centre at Toulouse, will now embark on a 1,200hour programme of test flying for its Air Certificate. The aim is to clear the way for deliveries to airlines, by February, next year, Michael Donne writes.

Four aircraft will be involved in the trials, with the second making its first

nor has Mr Jacques Chirac. France's Prime Minister, whose comments on the American criticism of Airbus have recently moved beyond the sion to buy the Boeing Airborne
Warning and Control System
(Awacs) instead of Britain's
own Nimrod.

Moreover, the UK feels
strongly that such complaints
in any case should more properly be dealt through the
normal machinery of the
normal Agreement on Tariffs
and Trade.

Criticism of Airbus in average recently moved beyond the
strictly diplomatic. He describes
himself as "panic-stricken" at
the thought that the A-340
Project might now be dropped.
He continued to fing the horse
even after the US had decided
not to take immediate reprisals
gainst Airbus and to take the
dispute to Gatt, the internaagainst Airbus and to take the dispute to Gatt, the interna-

flight in May, the third in June and the fourth in July. Initially, the flight trials by the first aircraft will be

devoted to testing the Franco-US (Snecma-General Electric) CFM-56-5 engine, with a target of engine certification by next August.

It will then be devoted to testing the International Aero Engines' V-2500 engine, also offered on the A-320, with certification planned for February, 1939.

tunity to point out that it was during his earlier spell as Prime Minister that the Airbus A-320 airliner received the go-ahead. The A-340, in his eyes, now offers a historic chance to break the American monopoly on the market for long-haul airliners. The US team got short shrift in Bonn, being met with old arguments about US defence arguments about US defence spending helping to finance both Boeing and McDonnell Douglas. Airbus was being fin-anced and produced in accord-ance with Gatt rules, said the Economics Ministry on Feb-ruary 4, "and will continue to

This was followed by a particularly bombastic speech by the Bavarian leader, Mr Franz Josef Strauss, at the roll-out 10 days later of the new A-320 in Toulouse. Mr Strauss, chairman of whether the European con-sortium can produce a competi-tive aircraft.

Totaluse. Air Strains, chair of of the supervisory board of sortium can produce a competi-tive aircraft.

"we will not allow political agi-tation to distract us from the

ilie Ollie

But a great deal of the way West Germany reacts to US pressure on Airbus depends on just how strong Mr Strauss is.

The Airbus is probably the
grandest venture with which he has ever been associated and his emotional attachment to it is emotional attachment to it is huge. At the same time, though, he sits in Munich at the centre of a growing defence and electronics industry which depends for its continued growth to an uncomfortable degree on entry into US markets.

While Mr Strauss has had to busy himself since Toulouse with wearlsome negotiations in Bonn on the formation of a new governing coalition, the industries he fosters, and the many associations which speak in their name, have done the

mrident thing and kept quiet.

MBB, for instance, sees a
great deal of its progress in
mastering new technologies as mastering new technologies as being dependent on camenting closer ties with selected US companies like United Technologies. Siemens, another Munich-based pearl, is almost wholly dependent for long term survival in its most valuable division, telephone switching equipment, on entry into the US market.

Few West German companies are going to forget what an

are going to forget what an enormous difference the US market made to their profit and loss accounts in the three years before the dollar's present fall. Hardly any will take pleasure at having seen off a team of American trade negotiators.

Fresh drive for compromise on farm trade

BY WILLIAM DULLFORCE IN GENEYA

meeting of the group respons-ible for farm products in the new round of trade liberalising talks under the General Agree ment on Tariffs and Trade

In itself last week's two-anda-half-day meeting was a dis-appointment. Despite an initial admonition by Mr Aert de Zeeuw, its chairman, to "stop fiddling," delegates spent the scheduled time in staking out well-known positions.

A MORE concerted effort to reform world trade in agriculture may at last be taking shape.

This is the belief of negotiators in Geneva after the first meeting of the group responsible for farm products in the products in the products in the farm trade and bring it within two years.

Australia submitted the view of the Cairns group of "free trading" farm nations that a progressive reduction at an early date of agricultural submitted the view would be made to improve market access and normalise competition in conformity with Gatt principles. This, it is argued, might lead to a final, highly ambitious stage in which countries would act to adjust

The idea has started to circu-The idea has started to circulate in Geneva, however, for a four-stage approach to the farm trade talks which could be adopted as an effective compromise by both the impatient protagonists and the more wary, such as the EEC, the Nordic countries and Switzerland with heavily protected farmers.

countries would act to adjust world output of farm goods to

In Brussels, so much time has recently been devoted to settling internal price issues that a negotiating posture has been only roughly sketched. It is recognised that the negotiating of detailed agreements in Geneva must be accompanied by regular political consulta-tion to maintain the impetus.

Much more preparation is in the Organisation for Economeeded at the domestic level mic Co-operation and Developbefore such a programme could ment is regarded as having be started. Of the four principals in the farm trade talks, all the four main farm negotiationly the Cairns group, headed by Australia, appears so far

Zeeuw, its chairman, to "stop fiddling," delegates spent the countries and Switzerland with scheduled time in staking out well-known positions.

The European Community was again accused of foot-dragging after it had outlined what other delegates felt was a hazy scheme for handling farm trade product by product. The posed. But this would be followed quickly by negotiation of resultz—not necessarily a final such as the EEC, the Nordic only the Cairns group, headed by Australia, appears so far to have thought out anything to have thoug

ing back.
Government finance and trade

department officials are anxious that Mrs Aquino should push through as many orders to en-courage business, including the investment incentives code,

before Congress is elected in

C. Itoh in \$78m China deal

By Carla Rapoport in Tokyo JAPAN'S trade with China received a further boost yester-day with the announcement from C. Itoh and Toyo en-gineering that their consortium had been selected over two

Italian competitors for a \$78m (£55m) ethylene contract in The pace of Japanese invest-ment and joint-venture con-tracts in China slowed markedly

last year but Japanese business-men say this year will show a significant improvement in trade relations between the two countries.
The Itoh-Toyo deal is particularly significant because the companies had been contractors on three me jects signed in 1978 but delayed

for five years by the Chinese Government. Those contracts were renego-tiated in 1983 and are now near-ing completion. None the less, China has not awarded any

ethylene contracts to foreign companies for the past several

companies for the past several years.

C. Itoh, one of Japan's leading trading houses, admitted yesterday it had lost a great deal of money on the delayed projects. Even so, it felt compelled to win the new project to build an ethylene plant in Panjin, Liaoning Province, in north-east China.

"Frankly speaking (the new project), is not at all profitable, But we had to win it in order to get future contracts," said an operating costs.
Foreign and local investors are growing increasingly impatient about the Board of Investments' delay in producing vestments' delay in producing the investment code.

Mr George Drysdale. President of the American Chamber of Commerce in the Philippines, earlier this week pressed Mr Jose Concepcion, Secretary of Trade and Industry, to speed publication of the code because potential investors were holding back.

to get future contracts," said an official in C. Itoh's China department. China, according to C. Itoh, is one of the last remaining markets in the world for ethylene plant equipment. The Chinese have ambitious plans for ethylene development nationwide over the next 10

years.
The Japanese companies won Mrs Aquino's powers to rule the contract over bids from by decree will be trimmed another Japanese companies when the new legislature is elected and new legislation is the contract over bids from another Japanese companies with the contract over bids from another Japanese companies with the contract over bids from another Japanese companies with the contract over bids from another Japanese companies with the contract over bids from another Japanese companies with the contract over bids from the contra

Manila to unveil investment guidelines

BY RICHARD GOURLAY IN MANILA

THE PHILIPPINE'S Government will today publish its year ago.
long-awaited investment incentive guidelines which it hopes ment Code will be presented at

tive guidelines which it hopes ment Code will be presented at will match those offered by neighbouring South-East Asian countries.

The incentives for new investors include income tax holidays, accelerated depreciation allowances and duty-free importation of capital goods. The code could also contain a contentious clause calling for the proposals would allow

The code could also contain a contentious clause calling for compulsory arbitration in labour disputes.

If such a clause can be enforced by the Department of Labour which would arbitrate any grievances, it could help to remove many of the fears about militancy.

The proposals would allow new and expanding companies in areas approved by the board of investments—export-related, agriculture, mining and certain manufacturing concerns—to import capital goods free of duty. Locally-bought capital goods would carry an equivalent tax credit. militancy.

Businessmen say this, more than the perceived political instability, is the main reason that potential investors have held back since President

Western diplomats say the companies involved in the bids are indignant at being asked to

re-submit after months of pain;



tax credit.

They will also be entitled to creation, incremental labour accelerated depreciation and costs associated with expansion by decree will be trir guaranteed repatriation of or new investments will entitle when the new legislature profits and capital until the end a company to additional double elected and new legislature of 1988. To encourage job tax relief on the increase in expected to slow down



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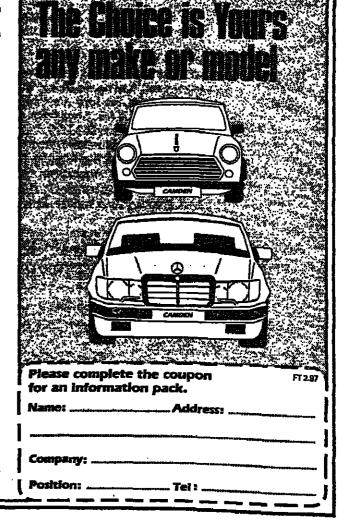
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Collier charges refer to Cadbury Schweppes

joint securities chief at Morgan Grenfell, the UK-based merchant bank, is to face three charges of insider dealing in shares of Cadbury Schweppes, the food and drinks group, in addition to three relating to AE, the engineering group. Yesterday, Mr Collier was com-mitted for trial at the Old Bailey on the cir charges when he made a

the six charges when he made a short appearance before Wimbledon magistrates in south London. The prosecution, by the UK Department of Trade and Industry, is the first case to be brought un

the 1985 Company Securities (Insider Dealing) Act. The penalty for each offence under the act is two years' imprisonment, or a fine, or both. It is alleged that Mr Collier on or

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about November 3 last year at 123 Home Park Road, Wimbledon, "counselled and procured" Mr Michael Barry Cassell to deal in AE A second charge alleges that, at

the same address and on the same date. Mr Collier gave Mr Cassell information relating to AE securities

from UK contractors for installing

the main electronic components for

bought by the Royal Air Force in-stead of the GEC-Avionics/British

AWACS aircraft will be about

rectly to work on AWACS for the

RAF, the rest being in other areas.

19 companies it had identified as

Boeing met in London yesterday

about 10 per cent will be devoted di- craft.

Aerospace Nimrod system.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

the proposed Airborne Warning and Boeing E-3 AWACS airframes, Control System (AWACS) to be which will be flown to the UK from

potential sub-contractors for the aspects. One essential is know-how first item of work under the of ground maintenance techniques

AWACS part of the offset pro- for a large airframe such as the E-3.

worth about £20m, involving three for the RAF," said Mr Lee Rosen-national.

The cost to the UK of buying six overall offset programme.

BOEING of the US is soliciting bids years work.

MR GEOFFREY Collier, the former cause to believe" that Mr Cassell cause to believe" that Mr Cassell is made on price-sensitive information not generally available, was tion for the purpose of dealing on ... the London Stock Exchange

in those securities."

The third allegation is that Mr Collier dealt on the London Stock Exchange in AE securities, about which he had unpublished pricesensitive information.

The charges relating to Cadbury Schweppes, two of which also mention Mr Cassell, are similar. It is alleged the offences took place on or about October 14 last year. Mr Collier's bail was extended on two sureties of £10,000 each. Re-

porting restrictions were not lifted. Number 123 Home Park Road Wimbledon, is the address of Mr John Holmes, Mr Collier's former partner at Morgan Grenfell. Mr Cassell is a stockbroker who

was then working for Vickers Da A takeover bid was launched for bert Maxwell's Hollis group, which was being advised by Morgan Gren-

Insider dealing, in which a profit uary of next year.

Boeing solicits UK tenders for

AWACS electronics contracts

the US for the installation.

The electronics will be manufac-

tured under other contracts in the

The contractor winning the I&CO

2860m, but this will be covered by an offset programme valued at 130 deal will also be responsible for the an offset programme valued at 130 subsequent flight testing and delivproposals will be issued in October, ery to the RAF of the AWACS air with award of the I&CO contract in

The conference yesterday pro-

covering all the major engineering,

manufacturing and contractual

The work is called the "installaresult in the opportunity to be a defined and check-out" or I&CO, and is pot-level maintenance contractor fence Systems and Babcock Inter-

made illegal in the UK in June 1981

under the Companies Act. Clive Wolman writes: General Cinema, the US theatre chain and soft drinks bottler, first turned to Morgan Grenfell for advice about the acquisition of a large, and potentialhostile, stake in Cadbury weppes last summer.

The approach was made through Morgan Grenfell's US subsidiary, but key individuals in its corporate finance and securities department in London were informed at an ear-

General Cinema started building up its stake in Cadbury Schweppes in, or around, early September with the assistance of Morgan Grenfell and the stockbroking firm, Caze nove and Co. The stake was finally disclosed four weeks ago.

By then it amounted to 8.3 percent of Cadbury Schweppes share

AE on November 3 last year at a capital and was acquired at a cost of higher-than-market price by Mr Robert Maxwell's Hollis group, which
that it had no intention of making a Schweppes, at least not before Jan-

berg, director of Boeing's AWACS

tem as required to meet future

UK companies interested in pur-

suing this opportunity have been asked to contact Boeing within 30

days. Follow-up meetings will be

Companies attending yesterday's

space, Short Brothers, Racal Avion-

ics, GEC Avionics, Lucas Aerospace, British Airways, Smiths Industries, Thorn EMI, Fields Avia-

tion Services, Ferranti Computer

It will involve installing the tar- offset effort. "It will also result in

get-identifying electronics in the the capability to modify and en-Boeing E-3 AWACS airframes, hance the E-3 aircraft mission sys-

vided an overview of the I&CO task, meeting included British Aero-

"Selection for the 1&CO task will Systems, Hughes Microelectronics

July 1988.

Football club partly to blame for fire

BRADFORD City Football Club was yesterday held to be two thirds to blame for the stadium

thirds to blame for the stadium fire disaster in May 1985 in which 56 people died and 200 were injured.

Sir Joseph Cantley, deputy High Court judge, ruled in a test case at Leeds High Court that the now abolished West Yorkshire County Council should take the rest of the blame. The Health and Salety Executive was cleared of any responsibility.

of any responsibility.

The judgment, in a case brought by a woman who lost her husband, son and two other fam-lly members, clears the way subject to any appeal - for a mul-ti-million pound settlement of the biggest civil action yet brought in Britain. A total of 110 civilians and 44 police officers are bringing claims for compen-

Sir Joseph said that the football club had taken no action over warnings that rubbish accumulating under stand seats was a fire hazard. A lighted match or cigarette ignited the pile and caused the disaster.

The judge, who heard the evidence over three weeks at the end of last year, said that Bradford City FC was not "interna-tionally or callously indifferent" to the safety of spectators. "But they were at fault," he said. "No one in authority seemed to have appreciated the fire hazard. No one gave it the attention it ought to have received."

The Health and Salety Executive sent the club a letter in 1980, advising that space under the seats should be sealed off. "But no action was taken."

The judge added: "The continued negligence of the club and the continuing indifference of the council in various departments after being alerted to the existence of the danger were concurrent in causing this disas-

procedures for clearing the wooden stand. There should be effective emergency procedures for the emergency evacuation of the stands. There was none at Bradford City. The club told me

Top civil servants oppose new merit pay scheme

BY DAVID BRINDLE, LABOUR CORRESPONDENT

LEADERS of unions representing senior civil servants will today tell the Treasury that it is still foundering in its attempts to produce an acceptable system of performance-

related pay.
The First Division Association. the main union for top Whitehall staff, says the Government's latest proposals for merit payments seem to have learnt "little or nothing" from the existing, highly unpopular performance bonus scheme.

This verdict on the Treasury's long-awaited proposals for discre-tionary pay increments for Civil Service grades 2 and 3 (formerly deputy secretary and under-secretary) s likely to embarrass ministers at a time when they are strongly urging private-sector employers to move to performance-based pay systems.

Employers may question the Gov-ernment's credentials for pronoun-motivation" and are growing incing on performance pay when it is creasingly unpopular.

grades 3 to 7 (formerly under-secre-tary to principal). Up to £4m a year has been made available for three of those recipients had given away all or some of their bonus cash. Treasury officials have acknowl-

THE Government plans to avert the threat of disruptive action in the Civil Service by offering salary increases worth an overall 5 per cent on the pay hill for the 500,000 white-collar staff. Union leaders expect the Treasury to table formal offers within the next two weeks, for payment from April 1, in a clear signal that ministers want the pay iss out of the way before a possible spring general election.

years to reward the 20 per cent top sultant commissioned to report on the scheme's success, says in its latest, unpublished progress report that the bonuses have had "no visi-

evidently struggling to implement Hay says 68 per cent of surveyed successfully even a limited scheme civil servants dislike the system, as do 47 per cent of the minority (17 The present experimental bonus per cent) who have received a bo-system applies to Civil Service nus. It reports that more than half

edged weaknesses in the bonus sys-tem and had hoped to avoid repeating them in the separate scheme, approved in principle by the Government last May, for grades 2

will today tell the Treasury that the fresh scheme is little improvement. Ms Sue Corby, FDA assistant general secretary, said: "It is likely to be as ineffective in motivating staff and as unpopular as its presor, unless it is amended radically.'

The FDA accepts that the scheme is better than the bonus system in that discretionary increments would normally be retained, rather than be one-offs, and would be of

discretionary increment, to £38,425 on two and £40,000 on three. A grade 3 staff member on £43,500 afone increment, to £47,825 on two

and £50,150 on three.
It may be some time before the Government can boast of a performance pay system operating smoothly in its own backyard.

Government decision likely on Sizewell within weeks

BY PETER RIDDELL, POLITICAL EDITOR

Sizewell B nuclear power station in sides.

Suffolk is likely within weeks at Nevertheless, most MPs particimost, after debates in the House of pating expect the decision will be in Commons yesterday and the House of Lords next Monday.

Mr Peter Walker, the Energy Sectal in one of the shortest ever opening speeches to a major depate. It would have lasted barely five minutes but for intervention.

He gave no hint about the timing and said he was unable to express don Griffiths from Bury St Edany views until he had reached a decision. In his quasi-judicial role he could only listen to the views of

In line with this approach, the Government last night instructed procedural motion for the adjourn-

A GOVERNMENT decision on the place. This was to avoid taking serted peers viewing gallery.

favour of a pressurised water reactor (PWR).

The debate divided almost exactretary, was studiously non-commit. ly along party lines. A PWR at Sizewell was criticised by both Labour and SDP/Liberal Alliance speakers

> erally supported civil nuclear pow-er. Even MPs with constituencies near the proposed site like Sir Elmunds supported Sizewell on grounds of national interest while pressing for local road and other

Lord (Walter) Marshall, chairman of the Central Electricity Genits backbenchers not to vote on the erating Board which is seeking to build and operate Sizewell, listened

For Labour, Mr Stan Orme, its energy spokesman, stressed the changes in both economic and safe-

ty aspects since the hearings of Sir Frank Layfield's inquiry were completed two years ago. Mr Orme said that even on the Government's own narrow grounds the case was not proven and emphasised safety worwhile most Conservative MPs genries. He repeated Labour's intention to scrap Sizewell if it won pow-

Mr David Steel, the Liberal leader, said the Alliance would continue to support research and develop- but Ucatt is expected to raise it at ment in civil nuclear power but did | tomorrow's meeting of the full TUC not believe there was a commercial case for its expansion at present. He also emphasised the safety aspects of PWR reactors and argued that it was "highly irresponsi-ble to proceed with Sizewell B in realism in these most difficult times ment under which the debate took to the debate from an otherwise de- advance of a general election."

TUC cuts spending amid row over funds

By Philip Bassett

LEADERS of the Trades Union Congress (TUC) yesterday agreed further cuts in its spending amounting to £250,000 in the face of unprecedented and scathing criticism by an affiliated union of the management of the TUC's finances.

The TUC's "inner cabinet", the Finance and General Purposes Committee, did not discuss the substance of the report prepared by ac-countants for the building workers' union Ucatt on TUC finances. The report says: "The TUC is not practising the financial prudency that For example, a grade 2 staff member earning £35,350 after two years could rise to £36,850 on one ducting for the last few years." other organisations, especially affil-

Last November, the TUC agreed administrative savings of £250,000. Even with this, however, the TUC ter one year could rise to £45,500 on | was set for a deficit of £350,000 this calendar and financial year.

But last month, in a letter to unions, Mr Norman Willis, TUC general secretary, admitted that the latest information suggests some worsening of the situation," since the 1986 TUC Congress agreed to increase the annual union affiliation fees by 8p per member in 1988

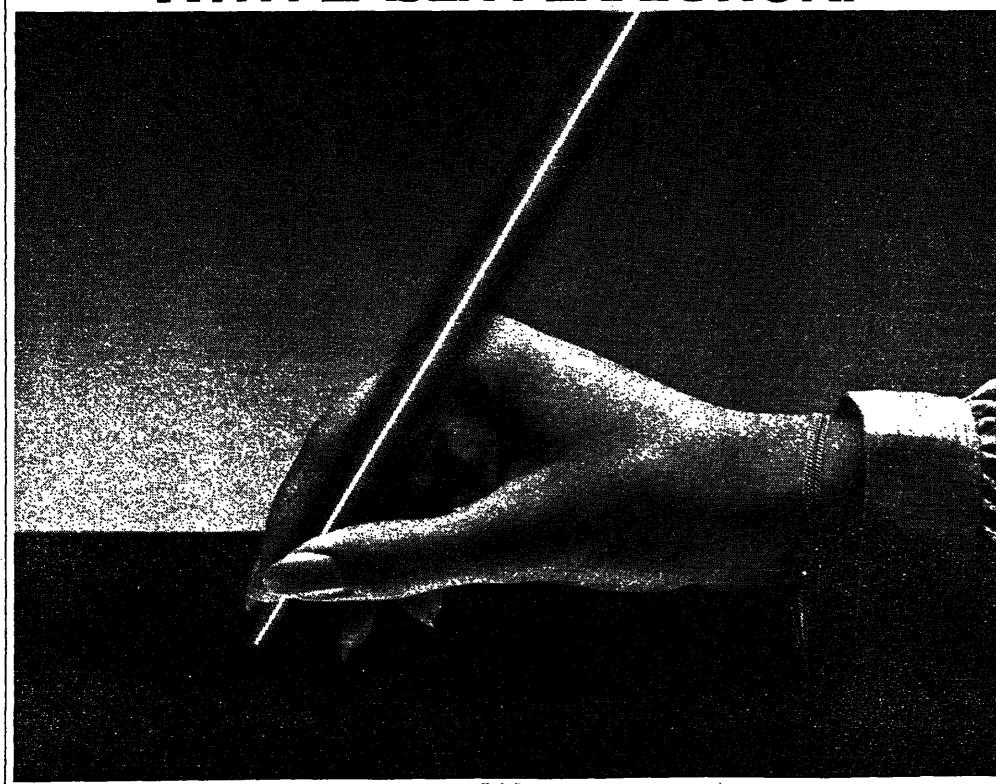
and by a further 5.5p in 1989.
Union membership is now estimated to be about 100,000 less than expected, mainly due to a lower af-filiation by the AEU engineering union this cuts TUC income for this year by about £200,000 below the November forecast, giving an estimated TUC deficit for 1987 of £500,000, which the TUC will currently be unable to meet from its re-

The committee yesterday agreed a further package of cuts in organisational and administrative spending worth another £250,000.

But Mr Albert Williams, Ucatt general secretary, is unlikely to be satisfied that the committee again did not discuss his union's report on TUC finances. Mr Willis has offered to meet Mr Williams on the issue, General Council.

Mr Williams says the union is unhappy to pay affiliation fees to an organisation whose efforts to con-tain costs "seem to lack a sense of

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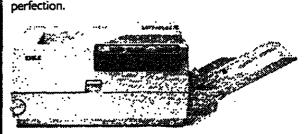
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Reynolds Metals European Capital Corporation

has called for redemption all of its 5% Subordinated Guaranteed Convertible Debentures Due 1988

The conversion privilege expires at the close of business on March 26, 1987

REYNOLDS METALS EUROPEAN CAPITAL CORPORATION (the "Company") has called for redemption on March 26, 1987 (the "Redemption Date") all of its outstanding 5% Subordinated Guaranteed Convertible Depentures due 1988 (the "Debentures") at a redemption price of \$1,000 per \$1,000 principal amount, plus accrued and unpaid interest to the Redemption Date of \$15.97 per \$1,000 principal amount of the Debentures. Payment of the redemption price for the Debentures will be made to holders of the Debentures, commencing on the Redemption Date, upon presentation and surrender of the Debentures to the Agents identified below, together with all coupons appertaining thereto maturing after the Redemption Date. Coupons maturing prior to the Redemption Date should be detached and surrendered for payment in the

Alternatives Available to Holders of the Debentures

Conversion of the Debentures into Common Stock by March 26, 1987. Holders of the Debentures have the right to convert the Debentures at any time prior to the close of business on the Redemption Date into shares of Common Stock, without par value (the "Common Stock"), of Reynolds Metals Company (the "Guarantor"). The conversion price is \$43.68 per share of Common Stock, or 22.89 shares of Common Stock per \$1,000 principal amount of Debentures. No payment or adjustment in respect of accrued interest or dividends will be made upon conversion of the Debentures. No fractional shares of Common Stock will be issued upon conversion, but in lieu thereof the holder will be paid an amount in cash equal to such fraction multiplied by the last reported sale price, regular way, of the Common Stock on the New York Stock Exchange on the last business day prior to the date of conversion. The last reported sale price of the Common Stock on the New York Stock Exchange on February 18, 1987 was \$54.00 per share. Based on such last reported sale price, the current market value of Common Stock (including cash in lieu of any fractional share) which holders would obtain by converting \$1,000 principal amount of Debentures into Common Stock on that day would be \$1,236.06. As long as the price of Common Stock is equal to or greater than \$44.43 per share, holders of the Debentures will receive upon conversion Common Stock (including cash received in lieu of fractional shares) having a current market value greater than the amount of cash which would be received upon redemption or upon tender pursuant to the below described commitment of Goldman, Sachs & Co. and Salomon Brothers Inc (the "Purchasers").

Tender of the Debentures to the Purchasers at \$1,017 for each \$1,000 principal amount by March 26, 1987. The Guarantor has made arrangements with the Purchasers to purchase all Debentures duly tendered for sale to them in the manner set forth in this Notice of Redemption at a flat price of \$1,017 per \$1,000 principal amount of Debentures. The Purchasers have agreed to convert any Debentures so purchased into Common Stock.

The Company and the Guarantor are advised that the Purchasers may, in addition to purchases of Debentures pursuant to the above described commitment, purchase Debentures for their own account in the open market or otherwise at such times, in such amounts, on such terms and at such prices as they may determine and that the Purchasers will convert such Debentures into Common Stock. In connection therewith, the Purchasers may over-allot or effect transactions which may stabilize the market prices of the Common Stock and the Debentures at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

Redemption of the Debentures on March 26, 1987. Debentures not converted or tendered to the Purchasers by the close of business on March 26, 1987 will be redeemed at the redemption price of \$1,000 per \$1,000 principal amount, plus \$15.97 accrued and unpaid interest per \$1,000 principal amount. No interest will accrue on or after the Redemption Date. Holders of Debentures surrendered for redemption in New York will be required to comply with the Interest and Dividend Tax Compliance Act of 1983 on or before the date of such presentation.

Sale of the Debentures through ordinary brokerage transactions. Debentures may be sold through a broker to others. Holders of Debentures should consult their own brokers as to this

Manner of Conversion or Tender. To convert or tender any Debentures to the Purchasers, the holder thereof must surrender the Debentures prior to the close of business on March 26, 1987 to the Agents at the address specified below. The Debentures must be accompanied by written notice of intention to convert or to tender the Debentures.

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Luxembourg, Grand Duchy of Luxembourg The Debentures may be converted only by delivery to the Agents for that purpose prior to the close of business, local time, on March 26, 1987. Debentures not delivered for conversion and not sold to the Purchasers will be redeemed as set

Copies of a Prospectus may be obtained from the Agents, the Purchasers, or Corporate Secretary, Reynolds Metals Company, 6601 Broad Street Road, Richmond, Virginia 23261.

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UK NEWS

Caterpillar plant 'faces review if dollar falls'

BY NICK GARNETT IN LAS VEGAS

CATERPILLAR, the US construction equipment maker, would be ny began manufacturing Backhoes supplier. if the dollar weakened by 20 per construction equipment. cent, Mr George Schaefer, the com-

pany's chairman, said yesterday. The Leicester plant, which emfor Caterpillar's range of Backhoe tial vulnerability of construction loaders and medium-weight rough terrain lift trucks, which are exported to the US and other markets.

"We would have to take a serious look at where we source these units," Mr Schaefer said. But he added that Caterpillar, which re-Uddingston crawler tractor plant near Glasgow with the loss of 1,200 jobs, did not believe such a currency realignment – predicted by some economists – would happen.

Schaefer, was a good one, the workforce excellent and its products right for the market.

force at Leicester in the last five cut the price of its Backhoes by 11 years as it has become the sole source for some of the company's lower prices offered by JI Case of nisation programme.

forced to review the position of its as part of its policy to broaden its plant at Leicester, in the Midlands, product range by making smaller

> Mr Schaefer's statement, made during an interview at the Conexpo equipment plants.

Caterpillar, like many other machinery makers, is trying to iming the use of factory floor space. It cently announced the closure of its has announced the closure of nine in the US and two in the UK.

Mr Schaefer said currency changes had already made the production of the Backhoe in the UK The Leicester plant, said Mr more expensive than a year ago. However, its manufacture was still cheaper in the UK than in the US. Margins have also been squeezed Caterpillar has doubled the work- because Caterpillar was forced to

Case decided to defend its market share partly by aggressive discounting once it entered the market 18 months ago with its first Backhoes.

Caterpillar is aiming for 20 per The Leicester plant, which em-ploys 1,000, is the worldwide source in Las Vegas, indicates the potential in Las Vegas, indicates the las Vegas, indicates the las Vegas, indicates the las Vegas, indicates the las Vegas, in and 10 per cent of the US market last year and is aiming for at least 15 per cent this year.

The announcement that Uddingprove competitiveness by driving ston, which makes the D6H crawlits costs down, partly by rationaliser, is to be closed provoked the ing the use of factory floor space. It present workers sit in at the plant, has announced the closure of nine Uddingston's production will be plants in the past five years - seven transferred to the company's Grenoble plant in France, which makes the smaller D5 tractor.

The Scottish plant's closure also led to a serious deterioration in the company's relationship with the Government Caterpillar had said in September - three months before announcing the closure - that Ud-

dingston would receive a £65m investment as part of the company's per cent last year in a bid to meet Plant with a Future (PWAF) moder-

Competitive industrial policy 'could create at least 1m jobs'

BY HAZEL DUFFY

could be created over the next five years by means of government politry more competitive, say the autance themselves from the market thors of "Wealth Creation and approach." Jobs", published yesterday by the Public Policy Centre.

Mr David Sainsbury, finance director of the Sainsbury supermar. Investment Bank and the concept ket group, and Mr Christopher of government picking winners. Smallwood, economics editor of the Sunday Times, and former Treasufor growth of public spending and new jobs, without pushing up inflation and consequent fall in sterling.

AT LEAST one million new jobs middle of the road. By advocating inflation but to produce the cut in that government has a positive role in influencing the way in which cy designed to make British indus- British industry performs, they dis-

> But they also reject the interventionist policies of the Labour Opposition, with its proposed National

Both authors are involved with the Social Democratic Party, but ry official, argue that the adoption they are anxious that the book government, are: education and of an industrial policy would allow should not be seen as an SDP docu-Its central theme is that govern-

ments in Britain have been preoc-Mr Sainsbury said yesterday at cupied for too long with macro-ecothe launch of his book: "I believe nomic policies. This obsession has most businessmen, and many politi- amounted to a continual rearguard

real incomes needed to rebalance the economy in the wake of industrial failure.

Instead, a positive policy de-signed to stimulate long-term competitiveness of industry would help Britain hitch itself onto the virtuous circle enjoyed by German and Japa-

The main mechanisms advocated to accelerate industry's adaptation to change, which are the province of and leaving specialisation at school to a later age; technology - resources to be allocated to areas upgrading firms' capacity to use new technologies, as well as putting resources into major projects. Wealth Creation and Jobs; David

cians, could support the sort of poli-cy that we advocate."

action – adjusting the pound down-wards and deflating, imposition of usod, Public Policy Centre, 10–12 In political terms, their policy is incomes policies not just to regulate Cork Street, London, WIX, IPD.

Bid to rescue jobs at Scammell plant

Financial Times Tuesday February 24 1987

up a management-led consortium to convener, said those made redundsave about 100 jobs and some of the ant would receive between \$2,000 operations at the Scammell heavy have worked for more than 25 years truck plant in Watford, north of London. The plant is due to close as at Watford, where vehicles have part of the rationalisation of state- been built for 64 years.

Although Leyland, part of the Rover Group, is to keep the Scammell name and switch most of the production to Leyland in Lancashire, it will give up making special will stay on the dole."
heavy vehicles, above 50 tonnes gross weight.
The Watford factory can build

owned Leyland Trucks.

trucks of up to 300 tonnes and, al-though demand is limited, the value of each is very high.

Mr Vic Wilkes, managing director of Scammell, said yesterday there was a possibility that a small, independent company could be set up to exploit Scammell's special heavy vehicle business. His prime objec-tive would be to keep some produc-tion on the existing Watford site, where there has been substantial investment in the past few years.

Demand for about 200 trucks a

year might save about 100 of the 600 jobs due to go at Watford. But Mr Wilkes emphasised that so far no detailed discussions had taken place with Leyland and "it may come to nothing."

mel management. Daf of the Neth-erlands, which will control a joint has also agreed to listen.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT AN ATTEMPT is to be made to set Mr John Beck, Scammell's works and £3,000 each on average. Many

> He disputed suggestions that there are job opportunities in Watford. "Companies do not require our sort of skills and I would say at least 400 of the redundant workers

 A Conservative critic of the proposed joint venture involving Leyland and Daf yesterday failed to obtain an emergency Commons de-bate on the financial terms of the

Mr Michael Fallon argued that the deal would lead to privatisation of a major company without a prop-er debate. He said the joint venture might be formalised within days and it would be wrong to allow it to happen without a debate and deci-

sion in parliament.
"A Dutch company will be given, free of charge and free of debt, British public assets, a 23 per cent share of the UK market and a virtual monopoly of components supply in that market."

 As a result of a typographical error, Saturday's feature about Rover Rover Group, Leyland Truck's Group quoted the Rover corporate parent company, said yesterday it would look sympathetically on any proposals put forward by the Scam-diate plans for new products and important for the future utilisation of facilities." This should have read: company to be set up with Leyland, Honda is "critical to Austin Rover's immediate plans for new products."

Docks transport warning

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

MOMENTUM of development in LDDC had been spending 20 per London Docklands could be slowed cent of its budget on transport. The unless transport facilities and last annual LDDC report showed toaccess are improved more quickly, tal spending in 1981-86 at £279m. Knight Frank and Rutley (KFR).

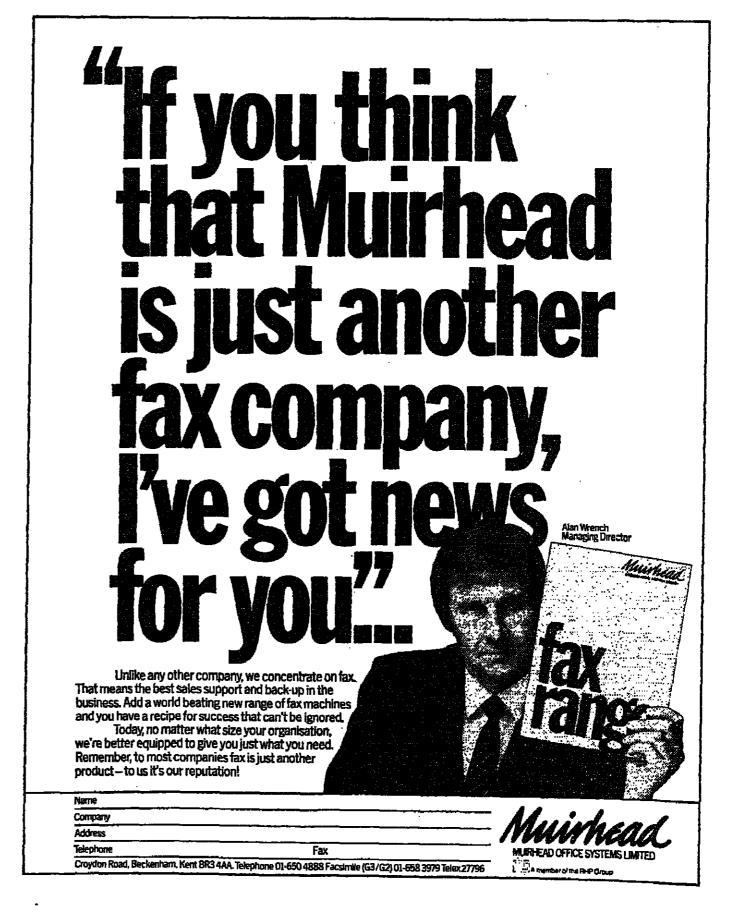
the property agents, said yesterday. Docklands, to the east of the City, are undergoing rapid transforma-tion after the establishment of the London Docklands Development Corporation to supervise an enterprise zone where planning controls are kept to the minimum. For every £1 of public money invested there, £6.40 of private investment has been generated.

In an analysis of Docklands developments, KFR said that the development"

"Results are starting to show but major additional expenditure still has to be committed," KFR said. A major problem is the quality of

access. Although significant improvements are under way, "the programming is not necessarily in line with the rate of developments and the traffic this will generate."

There will be local traffic problems until 1991 and this could temporarily "dent Docklands' image and slow down the momentum of





To know why the Mercedes-Benz 300E is so relaxed at high speed, look closely at this picture.

The 300E and its only slightly less powerful sister, the 260E, possess classic Mercedes-Benz elegance yet slice through the air better than any other luxury saloons. You can see why.

The body is the epitome of aerodynamic purity. Key points are the rounded nose, rising waistline, almost flush side windows and a tail that makes the air leave the car as cleanly as it flows over it. Phenomenal performance with exceptional quietness is just one benefit. Unwavering stability is another.

What you can't see in the picture is an even more satisfying aspect of Mercedes-Benz performance technology: the 260E and 300E's new six-cylinder engines. These 2.6 and 3 litre electro-mechanically fuel-injected sixes are the synthesis of a myriad of technical advances patiently developed over many years of testing. Their single overhead cam design delivers the high power, quiet running and extreme smoothness previously the preserve of V8s.

The results are exceptional. With 188 bhp, the 300E is one of the fastest saloons in its class. The 260E's performance is only slightly less exalted.

As with every Mercedes-Benz, the technological integrity runs deep. Car-magazine called the multi-link rear suspension system "the most sophisticated steel suspension ever put into volume production."

Other distinguished motoring journalists registered cornering power stronger than many sports cars, but whilst the Mercedes 300E is a super handler, its driver and passengers also enjoy a marvellously supple and comfortable ride. There is also the reassurance of standard electronic anti-lock brakes that enable a driver to steer whilst braking on slick surfaces.

The interior, too, is a study in safety engineering as well as comfort. Importantly for long-distance driving, the meticulous design of the seats and layout of the controls is aimed at removing fatigue.

There is something else about these cars: Mercedes-Benz build-quality—the renowned factor that led a leading national newspaper to deduce "the Mercedes can be expected to hold its value."

With these new 2.6 litre and 3 litre saloons, Mercedes-Benz once again set new standards for the industry. Their performance is total.



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UK NEWS

Philip Bassett examines a study of the decline in trade unionism

Role of non-union workers is growing

largely ignored by industrial rela-tions scholars in the UK."

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which at its core forms one of the first sustained attempts to look at non-unionism, which now constitutes a clear majority among the

The study, The Decline of Trade Union Organisation, by Mr Phil Beaumont, reader in industrial rela-

In particular, it is sceptical about the suggestion that unions will bounce back when the economic climate improves, and argues instead that "the extent of trade union organisation in the future in the UK is being shaped by factors that tran-scend the current economic reces-

Mr Resument looks at a number of issues affecting union organisation, including the experience of the union recognition procedures under the last Labour government, moves the last Labour government, moves the public sector – such as the banning of unions from the intelli-

closed shop.

So - largely rightly - claims a new study on union organisation which at its core forms one of the first sustained attempts to I-down to about 19 per cent, and where non-unionism is both more overt and more prevalent.

While Mr Beaumont suggests tions at Glasgow University is, as its title implies, mostly fairly pessimistic about union organisation in the predominantly non-union US sunbelt - are important, he says that too much can be made of the differences between the US and UK experiences, and that the two countries may simply be at different stages of their management development towards trade unionism although the UK may still never reach the US stage.

The study says that there is little real prospect of greater moves to non-unionism in British, multi-esta-

union establishments in the UK are start-up stage." likely to come from single, independent companies and from foreign of the study is confirmed in some of

as new towns, are non-union esta-

However, these were in the main not the US-owned high-technology companies such as IBM, but "over-whelmingly British-owned, single independent establishments of relatively small size," in which employee relations are generally seen as involving good informal communi-cations and flexible working prac-

The study finds that there is very little overlap between the usually highly-sophisticated employee relations systems of US-owned high-technology non-union companies such as Hewlett Packard, and the

"THE employee relations of nonunion deed almost the very
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its prescriptions for change. These include a re-think on the future role Evidence from Scotland and from the north-west of England is used to suggest that "a relatively high proportion of recently-established firms, particularly in locations such that the prescriptions for change. These include a re-think on the future role of statutory recognition procedures, taking in the "positive" lessons to be learned from practices in Northern Ireland, for example, where thern Ireland, for example, where statutory recognition has been more successful than in the UK.

It suggests, too, that the Trades Union Congress should try to limit the degree of inter-union competition for recognition by such means as a code of practice specifying the minimal terms and conditions for an acceptable procedure agreement, and by using its industry committees to try to co-ordinate orgazising efforts.

Mr Beaumont ends by proposing an extensive list of areas, mainly on non-unionism, for future research. If that is a little inconclusive for a conclusion, that is hardly surpris-ing little is known about non-union-ism in the UK - but this study is a good start.

The Decline of Trade Union Or-ganisation, by P.B. Beaumont; Croom Helm; £25.

Door-to-door cargo link with Europe

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN OVERNIGHT door-to-door air and surface cargo service between the UK and major cities in Western Europe is to be launched soon by a new company. Air de Cologne, a rich was for aircraft to road vehicles or from aircraft to road vehicles or fro

subsidiary of the Scandinavian Air-lines System (SAS) group.

The service is already operating five days a week between the UK and Scandinavian centres, using a twin-engined DC-9 jet aircraft, but is to be extended (the precise date has yet to be announced) to cover services between the UK and Austria, Belgium, Denmark, France, Germany, the Netherlands, Italy and Switzerland. Services to Ireland, Spain and Portugal will follow

in the near future. Air de Cologne (or A de C) al-ready has a workforce of several hundreds throughout Europe, but mainly based on Cologne as the hub of its European operations.

vice versa for onward shipment to their destinations, where delivery is guaranteed by 2 pm the following

In the UK, A de Cs vehicles will be painted a distinctive black with a yellow crescent moon, and will be available to pick up cargoes as small as two grammes or as big as several hundred kilos for onward shipment throughout Europe.

The system is based substantially on the overnight deliveries of freight now a feature in the US. A de C has been running the venture between the UK and Scandinavia for some time, while preparing for

Caterer welcomes privatisation delay

GOVERNMENT plans to open up public sector services such as hospital and local authority catering to private competition were not working properly and needed overhauling, the managing director of Britain's biggest private contract caterer, Gardner Merchant, said yester day.

Mr Garry Hawkes said that the Government's decision last week to postpone new legislation to enforce

competitive tendering on local au-thorities could prove beneficial.

It would provide a breathing space for all sides, Government, contractors and councils, to consider exactly what they wanted to damage their reputation by win-

from cheaper labour and cheaper cost food was a misconception.

bidding piecemeal for individual hospital or school contracts. Contractors also objected to hav-

ing to make fixed-price contract tenders against in-house operatives who might be prepared to hid prices down to uneconomic levels in an at-tempt to hold on to their jobs.

achieve from competitive tendering.

Mr Hawkes, speaking at seminar organised by the company for local authority officers, said that the belief that main savings would come to damage their reputation by winning contracts at prices which would require them to produce a poor quality service. Many private about bidding for fixed price health service contracts

WINNER OF 'WHAT THE PAPERS SAY' NEWSPAPER OF THE YEAR AWARD.

UK NEWS

up to Big Bang 'were justified'

and business, said vesterday.

been a continuous process for some

fast, but the concentration now on choice of technology absolutely cor-British Telecom, had 21.

Mr Simon Tizard, client services inaugurated this year:

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"CONTINUOUS RUMBLE" was a Block order exposure fabetter description than "Big Bang" cility to be piloted in the spring;
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Orbit, a dealers' workstation capable of handling a variety of differ-

More than 130 stocks now had 12

rect as the most important objectives for the UK Stock Exchange fall in the price of the market-mak-

Government criticises attitude to research

A GOVERNMENT minister has ac-

in today's pay rises rather than to-

morrow's technology and training. Mr Walden was responding to a current campaign by scientists, supported by Opposition spokesman, that the Government's contribution

conference sponsored by the Lon-don Stock Exchange that October the autumn;

Mr Stuart Valentine, head of the ezrhange's Wider Share Ownership

must be efficiency, cost-effectivemess and international compatibiliTouch," the difference between the best hid and best asking price. The average Touch of the 74 alp-

BY DAVID FISHLOCK, SCIENCE EDITOR

cused British industry of being "at ative partnership between the the top of the league in pay rises brains of our higher education and and bottom in research. brains of our higher education and a more intelligently far-sighted in-

Mr George Walden, Higher Edu-cation Minister, told Cambridge University students yesterday that Britain was the only major nation whose industry preferred to invest

He said the idea that only govern-

27 last year, the date fixed for Big
Bang, had been an important milestone but not a starting point;
change in the stock market had over the BBC Datacast service.

Unit, said that Seaq, the computer Nevertheless, the decision to go for a Big Bang now seemed justified: The timing of Big Bang now seems right, the speed somewhat More than 130 stocks now had 12

or more market makers and one,

manager for the stock exchange, ha - most frequently traded - told the conference that four new stocks was about 0.6 per cent, he technology-based services would be said or 2.5p on a stock priced at

"What we need is a close regener-

dustry."
"We have put more money into universities and polytechnics and are ready to fund a restructuring of

academics' pay," he said.

Mr Walden urged industry to head the remarks of Sir George Porter, president of the Royal Sociurging greater government invest to research and development in ment in science.

British industry was higher than in ment investment in science could UK, compared with 15 per cent in produce the goods" was a damag. West Germany and only 2 per cent

Changes leading Defiant Labour council spends to save jobs and services

CRITICS OF Sheffield City Council, held firmly in the grip of Labour's leftwing, like to describe the ap-pointment of a peace officer as the authority's only successful decision. Since then, they chuckle, no-one has dropped a bomb on Britain's

fourth largest city.
Yet in the eyes of the city's 63 Laers – led from the front eful, free-thinking member of Labour's National Executive Committee - Sheffield has indeed been hit Sheffield. by a catastrophe.

They believe that only a radical and, inevitably, controversial pro-gramme of self-help has been able o offer some protection from the full impact of an economic fall-out blamed largely on the Thatcherite enemy bunkered safely in London.

The alternative view is that Sheffield Council has many of the hall-marks of a left-wing dominated local authority, apparently out of touch with reality, saturated with political dogma and hopelessly

Those looking for evidence to support the case can point beyond the peace officer to the council's ideological links with the people of Nicaragua, the obligatory renaming of roads and buildings to honour Nelson, Mandela and councillors who are ready to organise Bloody Sunday commemoration marches.

It is beyond doubt that, in recent years, a city which has long taken a deep pride in being one of Britain's best governed, has changed politi-cal complexion. In all but two of the last 60 years, it has been Labourrun but now the old completency and paternalism, bred when Sheffield was prosperous, has been replaced by a new generation of strident activists, angry at their city's plight and determined to reverse

The new mould is clearly reflected in the party's domination of the six parliamentary seats in South Yorkshire. Five are held by Labour and all but one of those by left-wingers – Miss Joan Maynar, Mr Richard Caborn, Mr Martin Flan-

nery and Mr William Michie. Mr Blunkett can confidently expect to replace Miss Maynard after the next general election. There is some concern, however, that when one of Labour's potentially leading lights travels to Westminster "to British industry was higher than in speak for democratic socialism on a other countries - 30 per cent in the wider stage", his moderating influence will be missed. But even the council's fiercest cri-

Michael Cassell reports from Sheffield on a high-risk strategy aimed at stopping economic rot

by Councillor David Blunkett, a for- that the extremist "loony left" label now attached to some London local authorities does not stick easily on

> Council leaders are quick to recall the remarks of Mr John Banham, chairman of the Audit Commission, who said that the best local government was superb and then quoted Sheffield as "a shining ex-

There is little disagreement over the scale of the crisis which con-fronts the city, recently named in an EEC survey as one of the most deprived in Europe. The economic upheaval brought about from the late 1970s by the contraction of the steel, metal and heavy engineering industries has been swift and shat-

for over two years.

The devastation of industrial defield Chamber of Commerce and of cline stretches out along the lower Don Valley, once the steel heart of the city but now a seemingly endless tract of broken buildings and derelict land, razed flat in order "They are not the 'loony left' but to attract EEC retraining grants.

The city's problems are not confaces too often, especially over isfined to a lack of jobs. It has the sues like contract compliance. A lot highest proportion of elderly resi- of time, effort and cash has been dents requiring care, with 20 per used solely for political reasons." cent of the population over retirement age. One-in-four Sheffield schoolchildren relies on free school code which will not stifle the ability meals or clothing benefits and there to make profits but which respects are chronic housing problems in a the rights of the local community city where 93,000 homes are council He acknowledges that Sheffield's

the Government has responded by loose" multinationals with no roots cutting its contribution towards to- or community conscience. But even the council's fiercest cri-tics appear ready to acknowledge but which has inevitably brought it people into the ground."

into direct conflict with the Govern-

It is proud of its ability as an employer to beln cushion the unem-ployment crisis, in the last six years pushing up its own payroll from 30,000 to 35,000. Critics claim its proper response should have been

to shed 10,000 jobs.

The latest plan to stimulate the local economy envisages the creation over two years of 25,000 public and private sector jobs, although the council accepts it will not get off the ground without Govern

In 1985, the campaign against Westminster's decision to ratecap the highest spending local authori-ties left Sheffield refusing to set a rate. Only after Labour moderates joined forces with the opposition parties was a rate fixed.

Sheffield's refusal to rein in spending has had - despite ratecap-ping, which is to be imposed again in the next financial year - a dramatic impact on the rates. Since 1981, domestic rates have risen from 135p in the pound to 323p during 1986-7.

tering.

Less than 15 years ago, half the city's working population of nearly 388,000 was employed in the manufacturing sector. Now it provides fewer than 58,000 jobs. Unemployment has trebled since 1979 to around 16 per cent and one in three unemployed adults has not worked for over two years.

ing 1986-7.

Councillor David Heslop, leader of a Tory group barely half the size of a Tory group barely half the size of a Tory group has stuck to a programme of rampant expenditure and, by a series of sleights of hand, managed to postpone the day of reckoning. They are simply hoping that a Labour Government will bail them out." them out."

> Bassett Foods, now the city's largest manufacturing employer, points to the same isolationism and alienation from the business community: they have flown the flag in our

suspicion of inward investment Sheffield says that, faced with may have gone too far, though he these and other pressing problems, retains a deep suspicion of "foot-

tal council spending from 60 per For him, a Labour Government cent to 40 per cent Undeterred, the cannot come too soon. The alternacity has continued to pursue an agtive, he accepts, appears all too gressive, high-spending style of clear. We have won the local elec-community politics designed to pro-toral battle but if the Tories get

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INTERNATIONAL COMPANIES and FINANCE

Canadian Tire family feud comes to a head

BY BERNARD SIMON IN TORONTO

A FAMILY feud among the ceed, "confidence in our capital Canada's most prominent insti-controlling shareholders of markets will envitably suffer tutional investors and portfolio Canada's leading hardware and and individuals will be less will-managers. automotive parts retailer has ing to place funds in the equity blown up into a stern test of markets."

On one level, the nine-day

An appeal began in a Toronto court yesterday against last month's decision by the Ontario Securities Commission (OSC) to block three members of Toronto's Billes family from selling their shares in Canadian Tire (CTC) to the company's

whether it agrees that the



dealers' bid, in the words of the OSC, is "as grossly an abusive a transaction as the commission has had before it in recent

The OSC, criticised in the past for its leniency towards corporate raiders and dealmakers at the expense of minority shareholders, put its foot down firmly in the CTC case. It said in its decision that if the sale was allowed to pro-

Martha Gardiner-Billes, owner four times their value at the of 20 per cent of CTC's voting time on the Toronto Stock shares, ignored her two Exchange. shares, ignored her two brothers, who have the rest of the 61 per cent controlling block, throughout the hearing.

Meanwhile, 84-year-old Mr

Alfred Billes made a last-minute plea to his three children not to walk away from the company which has remained in family hands since it was founded in 1913. CTC is so much part of the Billes' lives that one of the brothers has suspended enamelled Canadian Tire products, like brake discs and exhaust pipes, above the indoor swim-ming pool at his Toronto home.

The struggle for CTC has also raised much broader concerns, including the rights of non-voting shareholders, the conduct of financial advisers and

The CTC dealers, most of gulatory and ethical standards

On one level, the nine-day entrepreneurs set off the furore last December when they commission's decision gave a fuicy glimpse into the family common shares wrangles which have made CTC at a price of C3160.24 a share. a tempting takeover target. Mrs at a price of C\$160.24 a share,

all to holders of the 83m nonvoting, class "A" shares which make up 92 per cent of CTCs total share capital. At the time of the bid, these shares were trading at only C\$12.

The non-voting shares were created four years ago when the three Billeses needed to raise money to buy a block of shares which their uncle, the company's founder, had be-queathed to 23 charities. The Billeses wanted the shares as part of their efforts to stave off a takeover bid from Imasco, the Montreal-based tobacco and retail affiliate of Britain's BAT Industries.

identical terms to the class "A"

holders. This "coat-tail" provision exwhom are wealthy independent plains the dealers' decision to entrepreneurs set off the furore limit their bid to 49 per cent of the common shares. An offer to the non-voting shareholders would have cost as much as C\$1bn (US\$746m) at prevail-ing market prices, in addition to the C\$270m required for the 49 per cent block.

The dealers had already The dealers made no offer at holding through open market



purchases. Their partial offer was thus more than enough to give them outright control of the company. To prove their bona fides, the dealers paid the three Billeses non-refundable deposits totalling C\$30m.

According to the OSC, "The sole concern of the Billeses and

would have to be extended on Canada which spoke of "skimming the value" from the class

A shares. The commission has taken an unusually liberal view of its responsibilities towards the public, noting that it "should act to restrain a transaction that is clearly abusive of investors and of the capital markets, whether or not that transaction constitutes a breach of the (Securities) Act, the regulations

or a policy statement. It added that "a regulatory agency must have the capacity to move quickly to stop transactions which it considers to be injurious to the capital markets."

The OSC's views have already left a mark on Canadian financial markets. While the price cial markets. While the price premium on many companies' voting shares widened appreciably when the CTC dealers made their bid, the gap has narrowed since the OSC decision to block the deal. Meanwhile, other suitors for CTC are waiting in the wings.

No matter what the outcome raised much broader concerns, including the rights of non-voting shareholders, the concerns of financial advisers and the power of regulatory authorities to block deals which may not be illegal but are clearly contrary to the public interest.

The suit to block the CTC deal was brought by some of the common, voting shares was brought by some of the Montreal-based tobacco and the Montreal-based tobacco and sole concern of the Billeses and their professional advisers was to structure a transaction that would maximise the return to the Billeses without triggering inserted a "coat-tail" provision the commission included a note the commission included a note by a merger and acquisitions of CTC voting shares will end up with a better deal than the coat-tail. Evidence before the commission included a note the commission included a note by a merger and acquisitions of CTC voting shares will end up with a better deal than the coat-tail. Evidence before the commission included a note the CSC, "The Sole concern of the Billeses and their professional advisers was to structure a transaction that would maximise the return to the Billeses and their professional advisers was to structure a transaction that would maximise the return to the Billeses and their professional advisers was to structure a transaction that the better deal than the coat-tail. Evidence before the commission included a note the Montreal-based tobacco and their professional advisers was to structure a transaction that the better deal than the coat-tail. Evidence before the commission included a note that their professional advisers was to structure a transaction that the better deal than the coat-tail. Evidence before the commission included a note the commission that the coat-tail. By a merger and acquisitions the coat-tail. By a merger and acquisitions are the coat-tail. The coat-tail the coat-tail the professional advisers was to structure a transaction that the

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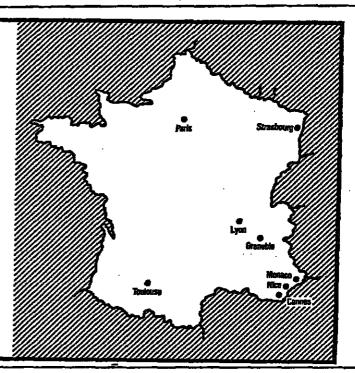
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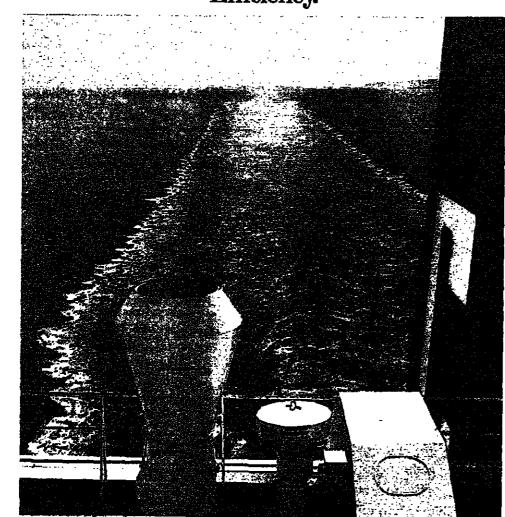
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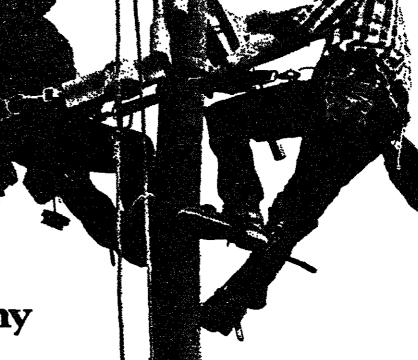
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WHY IS a university degree such a rarity among the men and women who are setting up Britain's new business ventures? Outside the high-tech area the college-trained entrepreneur is hard to find. Does a further education inevitably quench any creative spark?

Why do British students opt for the relative safety of the big company "milkround" and allow themselves to be snapped up by the likes of ICI. Marks and Spencer and the Civil Service, rather than setting up in business on their own?

Part of the answer lies in the big business culture which predominates in Britain's colleges and universities. Careers advisers often present employment as the only real option and ignore the alternative of self-

ignore the alternative of self-employment.
"You can't make entre-preneurs but the education sys-tem can destroy them." Lord Young, Employment Minister, told a small business seminar last month.
Set this against the back-ground of a recent survey which found that on average small businessmen had a lower level of formal education than the

of formal education than the of formal education than the employed (rather than self-employed) population generally and the contrast appears even sharper. It is little consolation that British management generally is less well-educated than that of the country's main trade competitors.

There are, however, signs that this neglect of the small business sector is starting to change.

The Government, industry and some colleges are developing -ogrammes to encourage graduates to start up in business on

The English Graduate Enter-The English Graduate Enterprise Programme began with 40 students in 1984 and is recruiting 100 this year. It provides six weeks' full - time business school teaching interspersed with periods for carrying out market research and to raise funding.

Durham University Business School beeds a North-Eastern

School heads a North-Eastern consortium of colleges running a Graduate Into Enterprise Programme to help graduates in the region start up their own firms. This idea is now being taken up by colleges in the North-West, Yorkshire and Humberside and the South-West

• The Graduate Gateway Pro-The Graduate Gateway Pro-gramme, which is aimed at graduates whose degrees are not But why should it be import-



Opening graduate eyes to entrepreneurialism

BY CHARLES BATCHELOR

background to work in small- brightest young people.
or medium-sized firms during Encouraging undergraduates or medium-sized firms during the 1986 summer vacation. This scheme will be extended to 50 students this year and take in colleges in the north-west as well as north-east of England. Alongside these formal pro-

grammes an informal network of college entrepreneurs is starting to develop. ACE (UK), an offshoot of the Americanan onshor of the American based Association of Collegiate Entrepreneurs, has established links with 47 British colleges since it was founded last

"In the past most graduates had the idea of going into a steady job in industry or the professions," says ACE (UK)'s Janine Cassan, "But the alternative Cassan, "But the alternative Cassan," native of doing something for themselves rather than joining the corporate treadmill is taking

graduates whose degrees are not in subjects sought by big companies, took 100 students in 1985 and plans for 800 this year.

But why should it be important to persuade graduates to start up their own businesses if they can find worthwhils career opportunities elsewhere?

This programme, funded by the Manpower Services Commission, gives unemployed graduates a ten-week placement with a small firm.

The answer is that fewer jobs are being created by big companies. This has fuelled the interest in small firms as with a small firm.

The Shell Technology Enterprise Programme arranged for 20 second-year undergraduates with a science and technology —it must have access to the interest in small firms as people have difficulty making use of non-personal sources of information."

Graduates are also regarded as having higher levels of "in-

to begin developing their business activities while they are still studying allows them to experiment while the stakes are still low, says Cassan, There are also regional ad-

vantages to persuading gradu. eral factors. ates into small business. They can make an important contri-bution to the economic health of these regions, according to Mike Scott, of Durham Univer-sity Business School.

"The northern economy has suffered from the decline in the fortunes of the big companies which established plants here." he says. "A lot of our talent is siphoned out. We have to lock people in by encouraging them

terpersonal skills" (putting profit in year one. themselves over to others).

After completing studies degree at Manchester Polytechnic, Fabian took a That this apparently irresist-

to grow.

ate Enterprise course.

After completing his business

Graduate Enterprise course to help develop an idea he had had for some time. He plans soon to add a line in novelty

2 per cent of US graduates

ible combination of qualities has not yet resulted in large numbers of graduates setting up businesses or joining small firms in large numbers is due to sev-Apart from the hostility of

stationery.

Despite the changing attimany academics to commercial considerations of any kind even favourably intentioned colleges often lack the skills to tudes to graduate enterprise there is a long way to go. While

colleges often lack the skills to teach entrepreneurship.

"We are trying to attack the way higher education approaches this," says Scott.

"Teaching enterprise is quite different from even traditional business school training. You can't just switch on to enterprise. You need the staff."

2 per cent of US graduates start their own business, in the UK the figure is just one third of one per cent, or some 500 a year.

Yet graduate businesses perform better. Stirling's Tom Cannon says: "All the evidence from the US, West Germany and Japan is that graduate businesses grow faster, employ people in by encouraging them to start their own business or work for a small firm in the region."

What special qualities can graduates bring to the small firm sector?

"They are usually good at using information," says Tom Cannon, professor of business studies at Stirling University. "Research has shown that most non-graduate small business people have difficulty making use of non-personal sources of information."

"Graduates are also regarded or information."

"Can't just switch on to enterprize. You need the staff."

Most colleges' careers addice organisations have a big company bias. Though Britain now boasts six small business professors, compared with just one a few years ago, the experience of make the Japanese tremble," "The businesses our students are setting up may not be ones on the work of most academics is with large to make the Japanese tremble," "The businesses our students are setting up may not be ones of make the Japanese tremble," "But what is important is that they are a way into entrepreneurs all attached to universities or business schools and have their general business studies of their general business studies are also regarded.

ackground. for life; it's a learning pro-Small firms do not have the cess."

In brief...

resources to trawl the colleges looking for recruits. "If you want to join ICI there is the milkround," says one academic. A DETAILED survey of the British venture capital industry is provided by the third edition of The Venture Capital Report Guide to Ven-ture Capital in the UK out There is no such service for small companies."

Despite these obstacles the trickle of graduates into the small firms sector is beginning this month.

Eileen Gillibrand, aged 23, The guide provides a direcstarted The Whole Meal Shop, a health food store and taketory of UK sources of venture capital ranging from the specialist companies involved through Business Expansion away, in Accrington, Lancs, last November after taking a Gradu-Scheme funds to the banks.

The idea came to her while It also offers advice on pretravelling for her previous em-ployer, standing round on paring a business plan and a case study of a small company which raised funds in this way. At 464 pages the latest edition is nearly twice the size of its predecessor, published in July 1985 and ployer, "standing round on stations looking for something nice to eat" and from the nutri-tion studies which formed part of her natural sciences degree from Cambridge. published in July 1985, and contains useful indexes of Sunil Vadhera, 25, decided investors, the people in the industry and investees.

• Sunil Vadhera, 25, decided he wanted to work for himself once his quantity surveying degree course at Newcastle Polytechnic was over and he went on to take a 10-week business start-up course.

Having always been keen on weight-training he opened a gym, The Body Zone, with his partner Abid Nawaz, in July 1986. After a difficult start the business is now in profit on turnover of £600 a week and there are plans to double its size. Author of the guide and of Author or the guide and of the monthly Venture Capital Report is Lucius Cary, who started writing about venture capital fund raising on the basis of his own experience raising money to set up a chain of fast food bars in

*Available price £25 including p & p from Venture Capital Report, The Refuge Building, 20 Baldwin Street, Bristol BS1 1SE. ● Howard Fabian, 25, expects to double the turnover of Howard Visuals, his novelty greetings card business, to £60,000 in its second year of trading, which ends in May. The business made a five-figure

SMALL businesses employ-ing between 50 and 200 people may apply for grants of up to £15,000 towards the of up to £15,000 towards the cost of management consultancy under a national scheme launched by the Manpower Services Commission. The MSC expects to help about 120 firms through its MACE (Managing Company Expansion) scheme.

BUY-INS seem set to take over from buy-outs as the fashionable corporate finance

deal.
On Wednesday, March 11 a one day conference entitled Management Buy-Ins and organised by Midland Montagu Ventures will be held at the Royal Garden Hotel, Kensington, London. Cost £195.50 inc VAT. For more details and bookings contact European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland, Leics, LE15 9PY.

ORGANISATIONS concerned with developing small business in London and the south-east will be represented at the Annual Gathering of New Enterprise Enablers at London's Centrepoint on March 4. Details from URBED, 480 Fulham Road, London SW6 5NH.

An enterprising source of jobs

BY RHYS DAVID

ment was going to start any approach must be bottom-up, where in Britain St Helens was a service to individuals seeking a good bet. It has always been to set up their own business an independent place with a and needing guidance, rather an independent place with a sixon sense of community and a determination to avoid being of people out into the market on a cushion of subsidy. Under by the two big cities between which it lies — Manchester and Liverpool.

Just as importantly, in Pilk-ington Brothers (the glass maker which has its headquar-ters in the town) there lay both ters in the town) there lay both the cause and the catalyst for a drive to find ways of creating jobs. Modern technology had begun by the late 1970s to eat drastically into the safe jobs which Pilkington had previously been able to offer and the directors, living in the area rather than visiting it from a location somewhere in the south-east, saw that this was a problem they could not walk away

Yet, and it is difficult to appreciate this given the speed with which 300 similar agencies have since blanketed the country, the idea which evolved only nine years ago was for its time quite revolutionary, and as Inn Hamilton Fazey's excellent book makes clear, depended for its initial conception, subsequent survival and vigorous growth on one remarkable individual—Bill Humphrey, the first director of the Community of St Helens Trust.

EVOILION

Fazey has had the advantage of access to Humphrey's diaries and has been able to chart these and the other comings and goings in the evolution of the agency with admirable

It also depended on several strands of good fortune, or more accurately opportunities, which those involved were sharp enough to seize. It just so happened that at a time when a group at Pilkington was examining how to create new examining how to create new jobs it came across an exercise being carried out in south London by Humphrey — a Second World War RAF pathfinder whose subsequent career, much of it abroad, had included a spell as a director of a Pilkington subsidiary in India.

its ways of operating, he also as core source material for turned out to be just the sort most of these. of determined individual needed to establish the St of the Enterprise Agency in Helens Agency on the proper Britain. Ian Hamilton Fazey. basis. Before he joined, Humphrey insisted on throwing most Holland Brutes 140.1444 Errortes.

IF THE enterprise agency move- out of the window. The

All sound stuff which we know backwards after eight years of Conservative government but radical indeed in 1978 at a time when Labour was still in power and central authorities were generally looked to for the solution of problems.

Humphrey saw the value of involving the community as widely as possible and of keeping Pilkington — always in danger of being charged with paternalism — in the background. The coalition he and others formed worked well in the trust's early years but sadly, as Fazey relates, came under attack for lack of "democracy" and "accountability" from St Belens' hard left Labour party in 1983 and 1984—a challenge it succeeded in overcoming,

the agency with admirable clarity.

Where his work does perhaps suffer is in failing to focus at all on the St Helens' agency's clients. How well have the individual businesses fared, indeed have any grown to become medium-sized or perhaps even made it to the Unlisted Securi-ties Market? What are the continuing problems confronting small firms in a depressed UK region?

Such a study will perhaps form part of one of the many academic works on the enter-Apart from the advantage prise agency movement no this gave him in knowing some doubt now being undertaken of the personalities at or near and it would be surprising if the top in the glassmaker and Fazey's book does not end up

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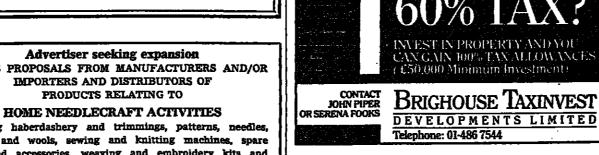
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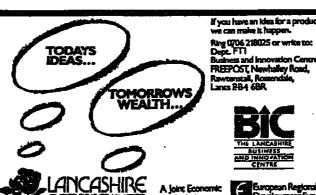
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(in Receivership)

The assets and business of this Precision Engineering Company located in Prestopans. East Lothian. Scotland are offered for sale. including:—
PLANT, EQUIPMENT AND MACHINERY
WORK-IN-PROGRESS AND STOCK ORDER BOOK

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Wakefield

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 Excellent modern Freehold Single Storey Factory and Offices.

Modern Engineering Department and

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OFFERS INVITED
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OF COMPANIES

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5-11 Mortimer St. W1 - 01-837 7906

Box H1726, Finencial Times T Cannon St, London EC4P 4BY nly letters containing offers and nker's details will be answered

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patents, tooling, trade name. Sales 1986 £113k Product does not fit into future plans of host company. Reply in confidence to: Box H1734, Financial Times 10 Cannon St., London EC4P 48Y

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High profits
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Principals only please send inquiries to: WERS, PO Box 43116, Upper Montelair, NJ 07043

Businesses Wanted

COMPANY WANTED

Northern England

Our client, a Holding Company with diverse interests, wishes to develop by acquisition its houseware business. Outline criteria is for companies with a turnover of up to 52 million with pre-tax profit in excess of 550.00; although this should be treated as very much an Indicator. Product areas of interest are Cookware. Kitchenware and Tableware, and the following could be of interest:

** Manufacturers (Valus Added)

** Money The Manufacturers (Valus Added)

** Non Food Suppliers to the Catering Sector

** Wholesals or Agencies

Preferred tocation Northern England or with ability to relocate thereto. Principals or their advisors are invited to contest:

Michael Smith in complete confidence

Professionals in Merger, Acquisition and Disposale



Capital Consultants Corporate Division Worcester House, Dragon Street, Peterafield, Hants GU31 4JD Telephone: Peterafield (0730) 68811 (2 lines)

COMPANIES REQUIRED Central Southern England

Our client seeks to acquire a controlling interest in a profitable business and thereafter take an active role in the development of activities, preferably with existing management. Ideally situated south of Oxford, the criteria is wide in that companies in Manufacturing or Service industries will be considered. Those with a strong balance sheet and mora traditional products and services are of particular interest.

Principals and their advisors are invited to contact: Michael Smith in complete confidence Professionals in Merger, Acquisition and Disposals



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whist retaining management responsibility, then we would like to hear from you.

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Please contact us in confidence through our advisers:

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 Located in the UK Replies to A. G. R. Meeke.

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AVIATION

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The advertiser is not in the aviation business and strict confidence will be observed

Please reply to Box H1740, Financial Times 10 Cannon Street, London EC4P 4BY

CONSULTANCY COMPANY WANTED We are a growing, national, but provincially based, Group of Management Consultants now looking for further growth by acquisition or joint venture. We seek an energetic company with a corporate financial or management consultancy practice, based in London or the home counties, who want to develop faster with us. We will also consider joint ventures with successful individuals who want the opportunity and backing to develop their own practices.

Principals, please write in complete confidence to:

Box H1735, Financial Times

10 Cannon Street, London EC4P 4BY by acquisition or joint venture. We seek an energetic cor

PROPERTY COMPANIES WITH

TAX LOSSES Public Company wishes to acquire property companies with substantial tax losses preferably (not essentially) in Midlands or Southern England. Please reply in strict confidence to:

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£3m TURNOVER FOOD DISTRIBUTION COMPANY in the North West with spare office, cold storage and warehouse accommodation,

10 Cannon Street, London EC4P 4BY

wishes to make contact with another company in a similar trade who can make use of the facilities available

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Principals only to reply to: Box H1721, Financial Times 10 Cannon St, London EC4P 48Y

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10 Cannon Street, London EC4P 48Y

Offers are invited by the Joint Receivers for the sale of the assets and undertaking of Icacrown Limited.

A well known distributor of dried herbs, fruit, figs, nuts, etc. Operates from leasehold light industrial premises in Chiswick, West London.

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Gross profits average 30%. Sells to institutions. Emphasises produce sales with traditionally higher margins

The business and assets of the above company are available for sale as a result of an administration order against the company.

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For further leformation please contact: Mark Homan, Price Waterhouse, 1 London Bridge, London S21 9QL Telephone: 01 407 8989 Telex: 931709 er 934716 Telecopier: 91 403 5265

Price Waterhouse



Great Barr Supplies UK (Builders Merchants) Limited Pic A Mix Packed Products Limited M. H. Cole Limited

C. D. Lethbridge Limited The assets and undertakings of the above group of builders merchants are for sale

as a going concern. The companies are based as follows:-

Great Barr

Leasehold premises, Great Barr, Birmingham. Willenhall, Birmingham. Leasehold premises, Erdington, Birmingham.

 Leasehold premises, Trent Bridge, Nottingham. Offers will be invited for individual businesses and the group. The group turnover for the 12 months to 31st December 1986 was approximately £2.4m.

Further information may be obtained from the Joint Administrative Receiver, A. P. Supperstone, Waterloo House, 20 Waterloo Street, Birmingham B2 5TF. Telephone: 021 643 4024.

Stoy Hay ward

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margins (40% news), dynamic growth, low overheads and pretax profit of £100,000. Probably the finest shop left in private hands.

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on south coast FOR SALE

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Company Notice

PIONEER ELECTRONIC CORPORATION

CORPORATION

The undersigned, being the Agent of Caribbean Depositary Company N.V., announces that Plomeer Flectronic Corporation has declared a case dividend under the properties of the innancial state of the properties of the properties of the undersigned. This distribution, which has been converted into U.S. dollars pursuant to section 4 of the Deposit Agreement will be available to holders of CDR's Against Surrender of coason No. 27 1632 2079, Jaconson withholding tax. to the effect that par CDR evidencing 5 Depositary Shares \$ 6,24 (6,64) 10 Depositary Shares \$ 6,24 (6,64) and 100 Depositary Shares \$62,40 (66,40) is paid. The amounts stated between brackets represent the dividend last 15% Japanese tax. These dividends will be paid until 1st May, 1957 but only on condition that the coupons to be surrendered will be accompanied by an "Afidavit" (obtainable from the undersigned), etipencing that the bense undersigned), etipencing that the bense. an "Andavit" (obtainable from the undersigned, extending that the bensphelal holders of the CDR's are nashcall holders of a country which has concluded a Tax Treaty with Japan.

In the Netherlands dividends will be said to residents in Necherlands currency at the Gally rate of exchange unless otherwise incructed the problem.

Amsterdam, 18th February, 1987 Clubs

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Company Notices

ENERGY

SEARCH ONE N.V.

of the Company who received in or around September, 1983, by way of an (illegal and invalid) dividend, shares of Chronar Corporation stock and have not returned the Chronar Corporation stock before 7th July, 1986.

Holders of bearer share certificates should present and surrender these at the abovementioned office of Pierson, Heldring & Pierson N.V. with coupons attached as from No. 8 as proof of non-receipt, or the timely return to the Company, of Chronar Corporation stock in order to qualify for the USS50 per share distribution. Holders who can present their bearer share certificates of the Company only with coupons as from No. 4 stock will receive US\$27.57 per share of the

At the Extraordinary General Meeting of Shareholders held on 12th February, 1987, a resolution was further adopted to amend the Articles of Incorporation of the Company to convert the bearer shares of the Company into registered shares. Holders of bearer shares are therefore requested to surrender their share certificates to Pierson, Heldring & Pierson N.V. and to indicate in which name and address the entrance in the shareholders register of the Company should be made and possibly what bank accounts should be used for payment of distributions.

In view of the developments indicated above, the Company has requested the Luxembourg Stock Exchange to withdraw the listing of its shares. The Stock Exchange has resolved to delist the shares of the Company as from 27th February.

CARIBBEAN MANAGEMENT COMPANY Managing Director

Willemstad, Curação

Private company based in the East Midlands would like to acquire a company in manufacturing, preferably with

AQUISITION SOUGHT IN THE EAST MIDLANDS

an end product. The company should have a turnover between £100K to £500K but not necessarily profitable

Write Box H1714, Financial Times O Cannon Street, London EC4P 48Y

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Embassy letter protected from **UK** libel action

AL-FAYED V AL-TAJIR Court of Appeal (Lord Justice Kerr, Lord Justice Croom-Johnson and Lord Justice Mustill): February 19 1987

AN INTERDEPARTMENTAL document issued by one foreign embassy official to another concerning the addressee's conduct in his official capacity is absolutely privileged, not because it is an "act of state," but for reasons of comity; and it therefore cannot be the sublect of a UK libel action, though its contents may dis-parage a foreign national un-

connected with the embassy. The Court of Appeal so held when dismissing an appeal by the plaintiff, Mr Muhammed al-Fayed, from Mr Justice Stocker's decision that a docu-ment allegedly published by the defendant, Mr Muhammed Mahdi al-Tajir, was absolutely

LORD JUSTICE MUSTILL said that Mr al-Tajir was ambassador of the United Arab Emirates to the Court of St James. During 1982 he resigned. For the next 12 months he continued to con-cern himself with the affairs of the Emirates. On November 15, 1983 he was reappointed. During the interregnum between his resignation and re-appointment there was no ambassador. The counsellor at the embassy was Mr Nabil Nijazi.

Mr al-Fayed was a businessman with substantial interests in the UK. He had for a number of years been prominent in the affairs of the Emirates, and had been on close terms with Mr al-Tajir. One of the fruits of his relationship had been the pro-curement by Mr al-Tajir on his behalf of certain privileges at Heathrow airport concerning the VIP lounge and access for his limousines to restricted

The relationship took a turn for the worse and in September 1982, during the interval between Mr al-Tajir's resigna-

of Foreign Affairs in Abu

Dhabi. It was subscribed with
the words "ambassador"
per pro, the signature of the
charge d'affaires, and Mr alTajir's name.

Tajir's name.

That was beside the point,
since issues of justification and
malice opened up by a plea of
qualified privilege would
require precisely that inquiry
into the workings of the foreign
the total properties of the point,
since issues of justification and
malice opened up by a plea of
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since issues of justification and
malice opened up by a plea of
qualified privilege would
require precisely that into the workings of the foreign

The letter stated that the sender was extremely annoyed to learn that Mr Hijazi had contacted the airport authorities for the purpose of granting Mr al-Fayed two passes to enter Heathrow in his car in the name

of the embassy. recalled to Abu Dhabi for dis-same as a voluntary abstention cussions, but ultimately he by the courts from inquiring returned to his post as into the embassy's conduct. counsellor in London. Mean- A foreign sovereign might while he had shown the memorandum to Mr al-Fayed.

al-Tajir had written or pub-lished the letter. It was said that the document was an memorandum, and that communications relating to matters the present circumstances, the interdepartmental

Mr Justice Stocker held that publication of the document was that persons of less rank than not actionable on the ground the high officers of state con-

the production of communica-tions addressed by or to high officers of state relating to matters within their com-

types of document were invul-nerable had developed over the in the hands of Mr al-Tajir, not years from a notion that they should not be taken out of the hands of high officers of state, to a refusal to allow them to be given in evidence, and finally to a ruling that they were the sub-ject of absolute privilege.

Although the protection was intervene. derived from considerations of Nor was derived from considerations of Nor was it an answer that public policy those considerations were not the same at the relevant time. When throughout.

The rationale of cases such ns Chatterton v Secretary of State of India [1895] 2 QB 189 was that the direct interests of the community in the UK demanded that certain of its officers should be able to communicate candidly on certain subjects without running the risk of being brought be-fore the courts.

There was no such direct in-terest when the document passed between two persons unconnected with government and administration of the realm, on matters equally unconnected. It was preferable not to ex-tend the principle in Chatterton to documents created within look to see whether there was any ground on which immunity should be granted because the UK had an interest in conceding privileges which it would, in kindred circumstances, wish to be accorded by the foreign

There was no rule of statutory or case law leading directly to a solution. There was nothing material in the cases concerning acts of state, because they were founded on considerations of sublic policy which had no of public policy which had no bearing on the present case.

If there were to be im-munity from liability it must rest on the other aspect of public policy described as "comity."

Matters which provided an important background, were that; (i) the law of nations, as reflected in the Vienna Convention, treated embassy docu-ments as sacrosanct; (ii) there were situations in which the English court would find it inexpedient to investigate the actions of a foreign state or legislature, though they fell within its formal jurisdiction.

The question was whether the English court should inquire into the merits of a letter written by one person exercising high supervisory functions in a foreign embassy to a senior official of that embassy, and raising questions as to the conduct of the plain-tiff foreign national in relation to privileges obtained for him by the embassy.

The court was faced with conflicting aspects of public policy: the need to confine to an absolute minimum curtailment of a litigant's right to sue for a wrong committed in England; and the need to con-fine to an absolute minimum any meddling by the English court in the affairs of a foreign sovereign.

Normally the latter consideration should prevail unless there was some general objection, or some objection in the circumstances of the particular Mr al-Fayed made the follow-

ing general objections: First, there was no need to grant absolute privilege to communications of this kind, since qualified privilege would furnish the defendant with all the protection which in justice he d'affaires, and to the Ministry of Foreign Affairs in Abn Dhabi. It was subsection to the ministry of the many subsection which in justice he could reasonably recommendations.

> embassy which an English court ought to abjure.
> Second, it was argued that diplomatic immunity was sufficient to secure the interests of

justice and to maintain the dignity of the foreign state.

The respect owed by one state to the sovereign of another Mr Hijazi was temporarity and his diplomats was not the

A foreign sovereign might well take the view that his dignity would be impaired by On May 3 1983 Mr al-Fayed insisting on a personal im-issued a writ claiming damages munity for one of his officers for libel. in respect of a civil suit; but that was not inconsistent with the attitude that the author of the embassy document should be answerable only in the courts of his own country.
Third, it was contended that

to another were absolutely privileged and could not be made the subject of libel. a communication between officers of the Crown. That was correct in the sense

that it was a communication by the Chatterton one officer of state to another line of authority would be able relating to a matter of state and was the subject of absolute privilege.

The might officers of state contemplated by the Chatterton line of authority would be able to avoid liability. It was not, however, a valid objection since the consideration. the considerations of policy were quite different, and might Since the eighteenth century the courts had recognised the need to abstain from requiring the production of communications to the production of communication of communications to the production of communication

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lating to the particular case, it was submitted that since the document had been disclosed voluntarily and put in evidence without objection, no question petence... of violating embassy docu-The doctrine that certain ments could arise.

the government of the Emirates. No renunciation by the government of its right to be free from inspection of its affairs by the English court was to be inferred merely from the fact that it had taken no steps to

questions of comity were involved the formal position of the writer should not be conclusive.
The document was subject

to absolute privilege.
appeal was dismissed. Lord Justice Kerr gave a concurring judgment. Lord Justice Croom-Johnson agreed. For Mr al-Fayed: David Eady

QC and Stephen Sutile (McKenna & Co), For Mr al-Tajir: Edward Evans-Lombe QC, Hazel Fox and Geoffrey Shaw (Fox & Gibbons)

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24th February, 1987

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go, this might seem to have all the attraction of being handed a grenade with the pin already drawn. If Miss Donnelly quailed, she gave no sign of that; on the contrary, she sounded un-ruffled, lyrically assured and more impressive feat than, say, delivering the Mendelssohn con-.::: :::: :::::

The Court of the C

Mervyn Peake illustrates his many talents

art but — with the obvious exception of William Blake — none has yet achieved and maintained a firm place in the front rank of either profession, let alone both. The comprehencing remission and the strong of the

highest level of achievement. Even with Blake, it is the visionary poet who can stand alone; the painter, extraordinary as he is, who feeds he was more obviously ambioff the literary imagination and idous in his scope and was the

is exhibits the narrower range.

Find in more modern times it has tish been the case rather of serious engagement and often admir-able achievement at a more modest level, and perhaps a degree of uncertainty as to which commitment to make. front rank of either profession, let alone both. The comprehensive genius is an attractive and engaging character but only, it would seem, as an ideal.

The general experience suggests that a certain concentration in one field at the expense of another is in the very nature of creative endeavour if it is to be sustained at the highest level of achievement.

Which commitment to make. Wyndham Lewis, for example, occupies a position both as writer and painter that is respectable enough, but his importance to art history lies even more with his role as general timulus and influence, and noons would argue his greatness the best level of achievement.

"GI in Shaftesbury Avenue "-Chalk Drawing, 1945

Stravinsky Plus/Barbican Hall

David Murray

Rozhdestvensky's Siravinsky use a more forceful cutting had only a qualified success: on festival with the London edge, but the conductor Lionel a large stage before a small symphony has been titivated Friend tailored the sound-scale audience, the linking narration with smaller lunchtime concerts, of his Guildhall band expertly and commentary seemed unas well as pre-concert foyer to the needs of the occasion.

certo-almost exactly contem-porary, and with much the

same orchestra—was a mar-vellous idea. Nigel Hill was a

crisp, clean-fingered soloist in

the Stravinsky, and Friend allowed the band to be properly

aggressive while keeping the music cool and taut. The

Guildhall is producing excellent players: a young trumpeter dis-tinguished himself in the Weill,

and in Stravinsky there was

characterful, well-tuned playing

music cool and taut,

rewarding performance of an illuminating). Though each of intriguing work.

Losing the Welli from the programme would have been commontable (sometimes fruitily effusive, sometimes flat and unituding). Though each of the Almanac's team-of-the-day had his or her more and the programme would have been commontable (sometimes fruitily effusive, sometimes fruitily the programme would have been commontable (sometimes fruitily effusive, sometimes flat and unitable).

great pity, for the pairing of it fitted happily.
with Stravinsky's Piano Con-

greater artist, greater perhaps than we yet recognise, Mchael Ayrton was always an artist of more promise than achievement and, in his painting and sculpture, more literary than visual, a true illustrator. And there is Mervyn Peake, a true poet with a most distinctive voice, a brilliant illustrator drawn instructively to the black comic and travesty its object, and fix an artist of wider accomplishment in reputation upon a single work. The Gormenghast Trilogy is undoubtedly a remarkable literary achievement, sure to hold its place on merit in the canon of English literation upon a single work. The Gormenghast Trilogy is undoubtedly a remarkable literary achievement, sure to hold its place on merit in the canon of English literary achievement, sure to hold its place on merit in the canon of English literary achievement, sure to hold its place on merit in the canon of English literary achievement, sure to hold its place on merit in the canon of English literary achievement, sure to hold its place on merit in the canon of English literary achievement, sure to hold its place on merit in the canon of English literary achievement, sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement. Sure to hold its place on merit in the canon of English literary achievement. Sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of English literary achievement sure to hold its place on merit in the canon of Englis brilliant illustrator drawn in-stinctively to the black comic and surreal tradition in English literature, and the painter and draftsman of great gifts and facility whose energies seemed always to be distracted else-

where.

It is often the case, when particular works touch a nerve in the popular imagination and as a result become celebrated into a cult, that this genuine

But it is no more than right that it should be set clearly in the informing context of a life's work and its author seen whole. The Mervyn Peake Exmbition, quite as much biographical as retrospective, which now occupies the main fayer of the Royal Festival Hall (until April 12) is therefore

The show is surprisingly ense. A handful of novels, a little poetry, some books for children and a scattering of paintings and drawings, with the art-work to illustrate the works of others supplying the mass of the material, may not be thought to amount to a major occurre, but the dismissive expectation is not fulfilled. The visitor leaves rather with a real sense of how much was achieved and in so short a time.

One may feel, perhaps, a certain regret at the particular emphasis towards illustration, but then artists must live, and so conspicuous a talent in that direction was sure to be taken up. And it takes an artist to take on great works of popular literature that are already so strongly established to the pictorial imagination of the reading public. To do so and yet produce work of sufficient authority and originality withauthority and originality with-out resorting to mannerism or artifice, and without cheapen-ing the precedent, is itself achievement enough. Alice; Treasure Island; The Hunting of the Spark; The Brothers Grimm; The Ancient Mariner the list makes the point of

But there remain the paint-ings, and most especially the ings, and most especially the drawings, to give us pause. Peake trained as a painter and taught painting and life drawing for a period in his early career. Here we are given tantalising glimpses of a deep knowledge of the figure, and a wonderful accomplishment in its expression, which necessarily informed. sion, which necessarily informed his work as an illustrator and without which his success would have been impossible.

from the late 1930s, one very wing,

Northern European season with a compulsively watchable play about sexual obsession from Sweden's Lars Noren who, we

Strindberg. Greatness aside,

the comparison is not an idle

one: in Munich-Athens, Noren crosses a territory of desire,

alienation and contempt that his compatriot staked out a

century ago, only with charac-ters steeped in the neurosis of

the post-permissive age, who

have lost any reference point outside themselves and their

which is carrying a couple on holiday from Munich to Athens. For 48 hours Sarah and David are trapped in each other's com-

own disturbed sexuality.

Soho Poly launches a short patible lovers.

are told, is regarded in his American nor English, has a native land as the greatest crazed truth to it. This is a dramatist it has produced since couple who are unable to talk Strindberg. Greatness aside, in straight lines, whose relation-

own disturbed sexuality.

The setting of the play reflects their isolation: it takes fantasy. The carriage itself is place in a railway carriage realistic down to the regulation green plastic seating that is so

the figure, and a wonderful sinister and questionable. The work. Twenty-five years or so accomplishment in its expression, which necessarily informed forward and far too few, portain it is the work of those without which his success would mentary, which include the celebrated now. "The paper is briefest, most ravishing note of breathless/Under the hand/ his wife, Maeve, caught on the control of the paper is possed/Like work left 1920s on the same left is possed/Like work of those caught on the control of the paper is possed/Like work of the left 1920s on the same left is possed/Like work of the paper is possed/Like work of those work of the work



"Long John Silver"

self-portrait; a tiny seated nude from the middle years of the Second World War — the painting is always simple and sombre yet febrile and energetic and

Munich-Athens/Soho Poly

Claire Armitstead

It is not a wholly original theme, but Noren's writing, in a translation by G. M. Ander-man that is neither quite

ship is based on seven years, 600 letters, and an infuriating

failure to connect. He calls her

a psychotic slag; she taunts him with her affairs; the only thing they appear to share is a vodka bottle, and that only grudgingly.

Brian Stirner directs with a filmic intensity against a rail-

way carriage set by Michael Taylor that perfectly captures Noren's oblique mix of fact and

of a corridor in which the guard

free and direct in its statement, half-length and leaning on a table; another in blue with a cat on her shoulder; a student which is in the end frustrated, unresolved and incomplete. Peake died in 1968 at the age of 57, confounded by an inordinate martyrdom to Parkinson's yet febrile and energetic and Disease, which from 1961 had always faintly, characteristically rendered him incapable of any

The guard is a man of few

words but much innuendo, played by Glen Murphy with a

statuesque, sinister presence

that becomes increasingly funny

as the journey continues. Lines

such as "I sit wherever I want. It's my train" have a comic

solidity in the tangle of half-thoughts and semi-sentiments

articulated by the lovers, who

are superbly played by Deirdra Morris and Jack Galloway.

Last Tango in Paris: a beautiful, unstable bohemian topped by a halo of blonde frizz, who moves in a cloud of sex appeal.

Galloway, in contrast, creates an intemperate button of a man

with a small man's aggression, who spoils for fights be knows

play-he tangles with a prosti-

tute he knows he would never lay. Norén's achievement is to

present this inadequacy with an

unsparing intimacy that makes

voyeurs of us all.

stock. Beyond it is a suggestion in the half-lit first scene of the

Morris gives us a direct des-

A rolling hillscape is flashed identically in white with long on to three screens set at right piebald tresses. anoles on a bare stage. Beneath To music composed for them

Panic/Watermans Arts Centre

Claire Armitstead

angles on a bare stage. Beneath them lie five white figures, who jerk upright, clutch wildly at their knees and, in an instant, are prone again. So starts Panic, the latest from Lumiere and Son, which opened last late their anguish in wordless week at Brentford's Watermans Arts Centre a short hop from Kew, where last summer this dynamic company transformed the botanical gardens for three angles on a bare stage. Beneath

dynamic company transformed the botanical gardens for three nights into a tropical rainforest.

In this case, the product plays no games with its environment. Panic is a glossy, multimedia creation which seems ideally suited to the smart new ambience of this riverside complex. But for all that it is strangely disappointing: the company would no doubt say the show is what you make of it, but there is an irresistible temptation at times to yield to admiration without thought—an inadequate response to something which revolves around the snapping point in the lives of ordinary women whose ordinary women whose ordinary are almost too good to be true, and there is no trace of self-irony to break down the gap. Part of the problem is the lack of a solid script to back up the performance; part of it is a self-indulgence with visual imagery that switches from London to the Scottish country-side with no obvious reason other than to show off the undoubted skills of photographer and lighting designer Simon Conden who are almost too good to be true, and there is no trace of self-irony to break down the gap.

Peviser and director minary west and movement. The performances are seamless, and there's the rub: the signals these elegant, consumately talented performers send out are at odds with the seamless, and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and there's the rub: the signals these elegant, consumately talented performers and out are at o of ordinary women whose ordinary experiences become bizarre through repetition, hurtful through expectation Loneliness, sexual frustration and selfthrough repetition, hurriting with a projection of frees on through expectation. Loneliness, to the stage that covers dancers sexual frustration and self-image are recurrent concerns of twigs. I marvelled and of the five performers, dressed then I stopped to think.

doubted skills of photographer and lighting designer Simon Corder, who reaches a zenith with a projection of trees on

Barenboim/Barbican Hall

Andrew Clements

The shape of Daniel Barenboim's Chopin recital on
Sunday afternoon was routine;
only the details—which sonata,
polonaise, ballade—needed to
be entered in the programme.
In general he opted for the most popular example of each genre—the B flat minor Sonata, A flat Polonaise, G minor Ballade—adding the Berceuse and the minor Fantasy for weight and

Unhappily the same sense of routine pervaded his playing. Whatever plan he had mapped out in advance for each work was submerged in a welter of congested textures, fudged bravura, and petulant rubato. As long as everything ended noisily and with a simulation

porarily recovering a well focused tone and a grasp of musical shape that allowed the filigree decoration the opportunity to blossom expressively. For the rest, brief notes should suffice: the Fantasy deprived of dramatic tension from its open-ing bars, rhythms lacking faut-ness, lines muddled; the Sonata dispatched in a flurry of feigned excitement, without any obvious attempt to impose coherent sense; the Ballade and Polonaise acceptably restrained in their quieter moments, but all too predictably raucous when of virtuosity the capacity audi-ence seemed happy; whatever began to rise. An occasion had happened before those final hardly worthy of such a pages seemed as profoundly distinguished artist.

LSO/Barbican Hall

Dominic Gill

The London Symphony and bittersweet, underpinned orchestra's "Stravinsky plus" by currents of the highest (and festival reached the end of the six-concert series, and the year Rozhdestvensky's command of 1945, on Sunday night.

what I have said, the Symphony is not programmatic. Com-posers combine notes. That is all."

The year of 1945 was also that of Shostakovich's enigmatic ninth symphony — enigmatic at least for the Russian public who expected something more like a victory symphony, and were disturbed by what seemed

Rozhdestvensky's command of the LSO was firmer, and less

Stravinsky's musical response to that tumultuous year was than it had been for The Rite characteristic: a Symphony in Three Movements obliquely entitled a "war symphony," but linked to the war in the direction of the Shostakovich symphony and indicate the war in the direction of the Shostakovich symphony was warm and idiometic titled a "war symphony," but tion of the Shostakovich symlinked to the war in no direct phony was warm and idiomatic, or expressionistic sense. In a and nicely attentive to the note about the music be hints some neat twilight shadings in is withdrawn almost as soon as the slow movement especially. it is proposed — "In spite of Stravinsy's Symphony came oite of Stravinsy's Symphony came phony across jubilantly enough—Com-though without the fine-honed, hat is unequivocal, razor-edge ambiguity that Boulez's performance, for example, commands.

For the rest, from 1945, there was also Stravinsky's little Ebony Concerto, written for Woody Herman, neatly delivered, rhythmically a little no more than a sequence of dult; and Benjamin Britten's small-scale, even-tempered in Four Sea Interludes from Peter termezzi. They did not recog. Grimes, vividly expressionistic, nise that peculiar tone in which nothing to do with the war, (from the fifth symphony on-wards) Shostakovitch excels: a moil than any of the evening's wryly humorous manner, deft larger works.

Saleroom/Antony Thorncroft

Chelsea figures unsold

There were some disappoint-popular ceramics factories and ments at Christie's sale yester- a baluster mug by Robert Handay of British ceramics. Two important lots, one a model at fruit, did well at £3,740. An attractive English creaming the same control of the same

Amsterdam, Muziektheater. The National Ballet with Before Nightfall (Christe/Martinu). Like Orpheus (Van Schayk/Stravinsky/Gluck) and a new bellet by Jan Linkens to music by Martinu (Wed, matinee). Premiare of the Netherlands Opera production of Der Rosenkavalier by Richard Strauss directed by John Cox. Hartnut Hanechen conducting the Rotterdam Philharmonic, with Rachel Yakar, John Tomlinson, Susan Quittmeyer and Derek Hammond Stroud (Thur). (255455).

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of Boris Godunov conducted by James Conlon in August Everding's production with Sefka Mineva, Martit Talvela, Paul Plishka and Sergei Koptchak. It joins the repertory of Carmen conducted by James Levine in Sir Peter Hall's production with Agnes Balisa, Gabriela Benackova and Samuel Ramey, and Manon conducted by Manuel Espenduction with Catherine Matitano Nati Shiroff David Hollo.

tive buyers.

must have infuriated prospec-

from the Chelsea factory of an itinerant carpenter, the other a pair of Chelsea figures of a hundsman with his lady companion, failed to find buyers, being unsold at £3,200 and £7,000 respectively.

An attractive English Creamware ware oviform teapot and cover, made perhaps in Leeds around 1765, with a portrait of an unpanion, failed to find buyers, known gentleman, sold for £3,300, double estimate, and a £7,000 respectively. The vendor was a nobleman moulded hexagonal teaport and who seems to have got rather greedy at the last moment, since the single figure carried a low The sale confirmed the view

porary Japanese artists were much in demand—"Oni (Red tive buyers.

An attractive Worcester blue scale tapering hexagonal vase and domed cover of round 1700 Sugai trebling its estimate at \$25,500 and Haughton, another London dealer, paid \$5,280 for a pair of Staffordshire creamware leopards of around 1820 (almost double the forecast).

Much in demand—"Oni (Red Demon)," a calligraphic oil in red and black of 1958 by Kumi Sugai trebling its estimate at Christie's contemporary auction where "At the window," a composition in six panels by Shusaku Arakawa, went for 586,842, over four times the forecast.

FINANCIAL TIMES

in the evenings.

Younger performers have been given welcome opportunities, of which the boldest was indisput-

ably young Stephanie Don-nelly's; to fill in for an ailing

soloist at Thursday lunchtime, she learned Kurt Weill's 1924 Violin Concerto at one day's

As gifts from out of the blue

cogent. I should call that a far

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pany with no one but a surly voyeuristically lurks, intruding Slavonic guard to break the now and then to demand tickets increasingly vicious circle of and cast a lascivious eye at recrimination, lust and rejections and cast a lascivious eye at recrimination, lust and rejections. ditties. But the whole affair belonged in some other venue. tion that traps these incom- furlation.

Arts Guide

illusic/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts

appears each Friday.

February 20–26

At the piano Graham John-son was bright in fast songs, strangely pallid in slow ones (Stravinsky's neat setting of

"The Owl and the Pussycat" is

not a haunted dirge)—and the evergreen "Three Little Songs"

from the time of Le Sacre were

eccentrically slow. The bari-

tone Richard Jackson sported

plausible Russian and a newly enriched timbre; Patricia

Rozario was charming in the

wordless "Pastorale." Linda

Hirst sounded provisional and

unsettled in early Stravinsky, much robuster in later, livelier

L'Elisir d'Amore alternates with Pro-koffev's Cinderella produced and choreographed by Budolf Nureyev who transposes the story into the world of Hollywood with the two ug-ly sisters wanting to become film ac-tresses while the leading actor pays attention only to the modest girl be turns into a star. Paris Opera (42365022).

WEST GERMANY

Sarlin, Deutsche Oper: Die verkaufte Sarlin, Deutsche Oper: Die verkaufte Braut features Lucy Peacock, Kaja Borris and Peter Seiffert. Die Macht des Schicksals, a Hans Neuenfels production, has Julia Varady. George Fortune and Giorgio Mer-ight, Die lustigen Weiber von Wind-sor rounds off the week. Hamburg, Staatsoper: Walter Raffein-er is repeating his much praised performance in the title role in Bel-sazar. La Traviata, sung in Italian,

performance in the title role in Bel-sazar. La Traviata, sung in Italian, has fine interpretations by Eugenia Moldeveanu, Glorgio Zacanaro and Peter Haage. Hans-Jürgen von Bose's Die Leiden des jungen Wer-thers will have its premiere this week. In the main parts are Fran-çois Le Roux, Hildegard Hartwig and Albert Dohmen. Also offered Zar und Zimmermann. Frankfurt, Opers: La Bobéme, con-

Zar und Zimmermann, Frankfurt, Opera: La Bohéme, con-ducted by Guiseppe Patané, has Giacomo Aragall as Rudolfo. Fal-staff is steered to triumph by Louis Quilico in the title role. Don Giovan-ni brings Helena Doese, Norma Sham, and Aleinados Banning to-Sharp and Alejandro Ramirez to-gether. Le Nozze die Figaro has

Opera and Ballet Tom Fox in the title role, with Anny Schlemm and Wolfgang Schöne.

Turin: Teatro Regio: Aida directed by Gianfranco de Bosio and conducted Stuttgart, Württembergisches Staats-theater: Cav and Pag takes the leeds Waltraut Meier, Julia Conwell and Carlo Cossutta. The week also fea-tures Madame Butterfly and Don

BRUSSELS

Cirque Royal National Opera with Macbeth conducted by Michael Schonwandt with Sylvia Sass and Franz Grundheber (218 2013).

Rome: Teatro Brancaccio: Teatro dell'Opera ballet company in two works by Balanchine, Allegro Brillante and Tchaikovsky Pas des Deux and two by the former director of the Los Angeles Ballet, Fantasies and Dvorzak Serenade. (481755).

Rome: Teatro la Fenios: A capendus.

(46 1755).

Rome: Teatro la Fenice: A co-production with Scottish Opera of Weber's Oberon, directed by Graham Vick with scenery by Russell Craig. The cast includes Dennis Bailey. Geoffrey Bolton, Janice Cairns and Beverly Mills. (710181).

Rome: Teatro dell'Opera: L'Italiana in Algeri with Colombian mezzo soprano. Martha Senn in the role of Isabella. Also in the cast are Ruggero Raimondi and Domenico Trimarchi. Jean-Pierre Ponnelle directs, and the opera is conducted by the young

the opera is conducted by the young Alessandro Siciliani. Giuseppe Pa-tane conducts Macbeth, with Renato Bruson in the title role, and Shirley Verrett as Lady Macheth in a new production by Giorgio Pressburger with stenery and costumes by Maurizio Balo. (481755).

by Nello Santi with Fiorenza Cossotto, Maria Chiara and Veriano Lucchetti. (548000).

Bologna: Teatro Comunale: Luca Ronconi directs Strauss's Capriccio, translated into Italian by Fedele d'Amico. Raina Kabaiyanska leads d'Amico. Raina Kabaivanska leads a cast which includes Adelina Scar-abelli, William Matteuzzi and Pietro Bello, conducted by Raif Weikert.

Gluck directed by Virginio Puecher and conducted by Virginio Puecher and conducted by Daniel Oren, with scenery and costumes by the sculp-tor Arnaldo Pomodoro, Katia Ricciarelli sings the title role, and the cast includes Maurizio Frusoni, Luca Canonici and Alessandro Corbel

ca Canonici and Alessandro Coloe-li. (589329).

Trieste: Teatro Comunale Giuseppe Verdi: Puccin's Le Villi and Gianni Schiechi, conducted by Tiziano Severini and directed by Filippo Crivelli. (831948).

SPAIN Barcelona, Adriana Lecouvreur with Mirella Freni, Florenza Cossotto, Ermanno Mauro, Enric Serra and Piero di Palma. Orchestra conduct-ed by Roberto Abbado. Gran Teatre del Liceu, Sant Pau 1. (3816787) (Mon and Thur).

VIENNA Tienna Vienna Vienna Eastsoper, Elektra conducted by Holireiser with Ludwig, Reppel, Jones, Simonida, Lotte Rysanek, Idomineo conducted by Harnoncourt with Ziegler, McLanghlin, Murphy, Schreier, La Traviata conducted by Plasson with Gruberova, Sima, Ara-Schreier; La Traviata communes by Plasson with Gruberova, Sima, Ara-iza (51444/2655). folksoper Der Opernhall; Das Land des Lächelns conducted by Bibl; Die

and the second of the second o

Zanberflöte conducted by Bauer-Theussi; Ein Walzertraum conduct-ed by Schenk (51444/2657).

NETHERLANDS

m, Muziektheater. The Na-

briela Benackova and Samuel Ra-ney; and Manon conducted by Man-uel Rosenthal in Jean-Pierre Pon-nelle's production with Catherine Malfitano, Neil Shicoff, David Hollo-way and Spiro Malas, Lincoln Cen-ter (326 8000).

The Mikado (Opera House): The well-received Stratford Ontario produc-tion directed by Brian Macdonald has already played the Old Vic and New York, Ends Mar 29, Kennedy

FINANCIAL TIMES

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Tuesday February 24 1987

Syria's task in Lebanon

ONE AGAIN, and apparently with the greatest reluctance, Syria has been persuaded to deploy its forces into the dangerous and unrewarding fighters ganged up to inflict quagmire that is West Beirut. The event, carrying as it does a depressing sense of deja vu, is scarcely a cause for celebration. But it may be the best that Lebanon can hope for in its current circumstances, and it should be given qualified approval by the West.

Syria is the only outside power with even the remotest chance of imposing some sort of order on Lebanon's chaotic faction-fighting. Everyone else the serve when Druze, Communists and Sunni Moslem munists and Sunni M

faction-fighting. Everyone else that has tried has emerged with badly burned fingers—from Israel, with its misconceived 1982 invasion, to the US, with its subsequent, doomed attempt to lend its support to what turned out to be a pathetically fragile central govern-

The arrival of Syrian forces will no doubt be welcomed by the civilians who have been intermittently holed up in their homes for weeks, and probably by the few remaining foreigners in the city, who have had to contend with much more volatile threats of late than those posed by a regular army. It may even provide some relief for the Palestinian civilians in the refugee camps, in spite of President Hafez al-Assad's efforts to drive out Palestine Liberation Organisation fighters.

Heavy losses

The questions, now as before, are about whether Syria can or will use its influence in the country to pursue any constructive long-term objective, or whether its forces are merely committed to a short-term holding operation; and whether President Assad is prepared to be genuinely even-handed instead of loining the game of shifting alliances and playing off one faction against another. However shaky the state of Western powers' relations with Damascus and whatever their misgivings about the constitutional basis for the latest intervention, they would do well to bear in mind the benefits that a stronger and more positive wear, and the rise of Iraniancountry to pursue any construc-

short-term Damascus leadership. Syria had been so damaging to Western been displaying increasing dis-interests in recent months.

the Lebanese president, and is being watched closely by Israel (although Jerusalem does not seem particularly concerned so long as Syrian troops keep well away from southern Lebanon). The US Government has been murmuring about the need to bolster the central government rather than allow in what it regards as a potentially hostile foreign power.

Central government

The Syrian intervention throws an intriguing light, too, on Mr Assad's friendship with the leaders of Iran, whom he has so far supported in the Gulf war at a high cost in terms of his relations with the backers of Iraq in the rest of the Arab world. Iran's influence in Lebanon has been growing over the last couple of years—much of the time to the detriment of Damascus and of Lebanon's political equilibrum and to the disadvantage of the West.
This is why the latest move

to bring order out of chaos should not be dismissed in Washington or European capi-

a stronger and more positive year, and the rise of Iranian-Syrian role in Lebanon might inspired Islamic fundamentalism. Used responsibly and tact-All the evidence suggests that fully, Syrian forces could provide a helpful counterweight to uppermost in the mind of the the Iranian influence which has

Shackles on the bank manager

present. It is a concept devised by the Securities and Invest-ments Board, the UK's investor protection agency, and it means that anyone advising on or selling life assurance or unit trusts must act either as a company representative—confined to selling that company's products

or as an independent intermediary. In the latter case, he or she must act solely in the customer's interests, and not attempt to push the products of

the company.

This proposal, if accepted by the Trade and Industry Secretor on their bank manager. The tary as one of the SIB's rules, rule would be bureaucratic and would have tiresome consequences for the banks and build-would be its only result. ing societies. They argue that the traditional role of the branch manager is to advise customers on all their financial affairs, and they want to be free to sell what they like how they like through their network. They are lobbying hard to throw out the proposed rule, which is due to be debated in the France of Lords today. The the House of Lords today. The SIB, for its part, is digging in

Rivals' wares

products, and who is being paid intermediaries, and with imon a commission basis. Full proved levels of disclosure disclosure of the terms and conabout such matters as surren ditions of a life assurance con- der values.

was good or bad. tive source of financial advice, while at the same time looking first to their own product range to satisfy their customers' to talk in general terms about the merits of one form of invest-But when it comes to specifics. the customer by attempting to the vendor. In the meantime, offer impartial advice or by the SIB's arguments should win selling their rivals' wares. If, on the day.

POLARISATION is an ugly and the other hand, they wish to act obscure word—and the unlikely as an independent intercause of considerable irrita mediary, they should be able to offer their own products only

Violent reaction

The argument in favour of tion has a central place in the polarisation is that the new rules covering the sale of customer needs to be absolutely life products, along with restricsure about the status of the tions on the special deals which salesman who is hawking these can be offered by companies to

The SIB believes there is an reaction from the life officer ambiguity in the banks presenting themselves as an objective accepted the principle of the principl to satisfy their customers' companies would want to ser needs. Managers should be free up similar agency networks of ment compared with another, of polarisation is indivisible. But when it comes to specifics. In a rational world, indepen clear rules are required. If dent agents would be rewarded banks want to sell their own on the basis of a fee from the products, they should do so customer for their services overtly and should not confuse rather than a commission from

THAS often been remarked that the outlook for world depends mainly on the electoral

Incoming administrations tend to focus almost exclusively on domestic policy priorities;

neglect become apparent; and international co-operation is sought vigorously to solve internal US problems.

Many economists thin dollar must fall much fi

and cut taxes regardless of the international consequences of borrowing when other leading countries were reducing budget deficits. The soaring dollar and yawning trade deficit, however, eventually brought the Americans to the negotiating table: first at the Plaza Hotel in New York in autumn 1985, and most recently at last weekend's Paris talks.

the link between gold and the dollar. The key question today is whether anything much has changed.

tanged.

It would be premature to conclude from the good humour in Paris that US attitudes towards co-operation (on those of West Germany and Japan have been changed fundamentally. The real test will come during the term of President Reagan's successor: if and when the present trade problems are resolved, will the US remain committed to economic co-operation or will the dreary cycle be

or wall the dreary cycle be repeated once more?

The answer depends perhaps on how well the ground for future co-operation is being kaid today. The harmony at the Paris talks may seem to augur well but the agreement reached me appetending than if less substantive than it

Two things were required of Paris: concrete short-term measures to boost growth out-side the US in order to reduce external simbalances; and progress in developing permanent mechanisms to facilitate co-operation. The achievement was

modest on both fronts.

Taking the communique at face value, it i shard to see that world growth will be increased significantly. The US has committed itself to heavy fiscal retrenchment; but there is no sign whatever that other countries are willing to loosen fiscal policy sufficiently to off-set the US contraction.

Many economists, of course, argue that while faster growth is desirable as a means of boosting employment, it is largely irrelevant from the point of view of the US trade deficit. For example, Professor Martin Feldstein, the president's former chief economic adviser, says that a doubling of real growth rates outside the US would redium-term objectives.
duce the \$170bn trade deficit The term "indicator

supposed piece de resistance of the Paris meeting: the agreement that the present parities of the dollar, D-Mark and yen are "broadly consistent with open a forecast or projection and a firm target. A missed target implies a policy correction; an inaccurate forecast can be put down to experience.

Crétics doubt whether

cycle in the US.

decisions are taken almost regardless of their global implica-Towards the end of an admin-istration's life, however, the de-layed effects of earlier benign

Many economists think the Recent events fit this pattern.

Recent events fit this pattern.

President Reagan was determined to rebuild US defences and cut taxes regardless of the that if it stays at its present level, the US trade deficit plus interest on its debt will require an annual capital inflow of \$150bn within less than five years. He thinks that a 20 per cent depreciation of the dollar against the yen and D-Mark is still required.

The view that the dollar has fallen far enough is based on measures of purchasing power parity exchange rates. The basis of such calculations is the "law of one price"—the idea that the Previous administrations have had similar experiences. President Nixon was not initially too worried about the international consequences of borrowing to finance the Vietnam War. But US deficits speeded up the collapse of the Bretton Woods system of fixed exchange rates and by August 1971 Nixon was forced to sever the link between gold and the measures of purchasing power parity exchange rates. The basis of such calculations is the "law of one price"—the idea that the price of an internationally traded good should be the same everywhere provided it is measured in a common currency. The dollar (see table) has indeed fallen below its legitly likely the provided in a common currency. The dollar (see table) has indeed fallen below its legitly likely li has indeed fallen below its equilibrium rate against the D-mark and yen according to this measure. Does this mean it has fallen far enough?

No, say economists at Goldman Sachs, the US investment bank. They point out that calculations of purchasing power parity assume that exchange rates are determined by developments in goods markets alone In realize they alone. by developments in goods mar-kets alone. In reality, they are determined jointly in the mar-kets for goods and financial assets. On the basis of the purcasing power parity rates in the table, there would be nothing to prevent the US's external debt rising to well over 16 per cent of GNP within a decade.

On the assumption that such a rapid debt build up would not be acceptable to the US, Goldman Sachs calcu-"sustainable equilibrium exchange rates" — in other words rates consistent with financial market equilibrium. These turn out to be considerably lower than the purchasing power parity raes. If this logic is correct, the Paris agreement

range of economic performance indicators for each of the main industrial countries.

The idea is that officials check regularly to see whether the evolution of variables such as growth, inflar-in, current accounts and budget deficits in consistent with mutually agreed

only by a paltry \$20bn.

However, those economists who do not believe the US can be bailed out by faster growth will not be impressed by the supposed piece de resistance of the Paris meeting: the agree be put down to experience.

PPPRs are based on movements in relative prices in goods markets. SEERs

Critics doubt whether the also take into account financial market equilibrium.

ECONOMIC CO-OPERATION AFTER PARIS

Smiles are not enough

By Michael Prowse



The three finance ministers in unaccustomed harmony: top, Mr James Baker (US); left, Mr Kilchi Miyazawa (Japan); right, Mr Gerhard Stoltenberg (West Germany)

indicators approach is even a coherent way to promote economic co-operation. Mr John Williamson, of the Institute for International Economics in Washington, womies that the

1.65

135

1.68

2.74

The Dollar may still be overvalued

power parity raes. If this logic is correct, the Paris agreement to stabilise the dollar may turn out to have been premature.

What about the other part of the Paris agenda: the creation of permanent mechanisms to facilitate economic co-operation? Perhaps predictably, the finance ministers opted to "refine" further the surveillance arrangements agreed at the Tokyo summit last year. This centres on the monitoring of a range of economic performance

Rates 20-2-87

1.828

2.795

Source: Goldman Sact

productivity performance in the tradable goods sector.

The hope is that if countries were publicly committed to specific target zones, they would be obliged to take the tough domestic decisions necessary to meet international obligations. The weakness of the floating rate system is that it creates the illusion that countries have

might exert real discipline on An incoming US President, for example, could be told firmly by officials that his plan to halve income tax was absolutely splendid but regrettably could not be implemented because it would violate US

investment and public finances. It is pointless for Japan and the US to agree on a shiny new yen/dollar target zone, say the critics, if they are not first pre-pared to save less and save more respectively. And if they do alter their saving behaviour, currency market disorders will be damped down without the imposition of an artificial zone.

Such criticisms rather miss the point. Exchange rate targets are not supposed to be a substitute for other policies; they are supposed to provide a framework in which countries can pursue domestic objectives without comprising the goals of their neighbours. The relationship between target zones and the compatibility of national economic policies is explained in a recent unpublished paper by Professor James Meade, the

Professor Meade assumes that countries have two objectives: to control inflation by constraining growth of money GDP; and, in the interests of real growth, to influence the split of national income between investment and saving on the one hand and current consumption on the other. In a world of globally mobile capital, what rules must countries follow if the pursuit of these national goals is not to result in inter-

It turns out that these national goals will be mutually consistent provided countries react in the same ways to disturbances. In the Meade model, turbances. In the Meade model, the target exchange rate is determined by the ratio of investment to GNP; if this ratio falls too low, the target exchange rate is lowered. Divergences of the actual exchange rate from the target level are moderated by raising or lowering interest rates. Money GDP in turn is kept on track by adjusting fiscal policy track by adjusting fiscal policy
—by raising or lowering taxes.

The importance of the Meade paper is two-fold. On the one hand, he shows that provided instruments (interest rates for example) to pursue the same the illusion that countries have no international economic obligations. Floating rates were harmony is assured even if widely expected to "insulate" countries from the policies of their neighbours and allow them to pursue their own objectives undisturbed. Target designed to influence fundazones, by contrast, would make mental variables such as saving international interdependence and investment; in his model, crystal clear. crystal clear. and investment: in his model, after all, the exchange rate is if currency agreements had chosen specifically to moderate the same force as other pacts the capital intensity of the between sovereign states, they economy. Few economists now doubt

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rate system can be improved on As Mr Fred Bergsten of the Institute for International Economics has noted, the illusion of national autonomy helped to allow a misalignment Target zones have, however, that which brought down been attacked by those who believe they put the cart before the horse. Exchange rates, runs the argument, are merals the brought down is whether finance ministration. the horse. Exchange rates, runs is whether finance ministers are the argument, are merely the by-product of much more fundared radical reforms and ones that mental economic decisions—for will impose lasting restraints on example, those involving saving, national governments.

tion, not to say anger, in offer their own products or Britain's banking parlours at in exceptional circumstances. The banks have several objections to this proposal. They say it is wrong for their branch managers to be treated in the same way as a door-todoor salesman: their branches wish to build a continuing relationship with their customers and so will take great care not to harm their interest. Polymers to harm their interests. Polarisation may be all very well in London, where there are dozens of advisers to turn to, but it will be a nonsense for customers in Lower Wallop on the Marsh, who have to rely

> It is easy to feel a twinge of sympathy for this concern, and a clear choice between the two opposed arguments is difficult. However, the basic principle that an investor should be clear about whether a salesman is acting for him or for someone else does make sense and it was strongly supported during the passage of the financial services legislation through the House of Commons. Polarisa-

tract is not enough: no two products are exactly alike, and it may take years to discover whether the investment advice play by their own rules? Such an idea would provoke a violent polarisation. If a bank-owned intermediary were free to offer its own products, the insurance their own. The SIB, at any rate. is convinced that the concept

Adventures of the famous five

Behind the high drama of !taly's decision to boycott the Paris meeting on exchange rates there was a great deal

more high farce.
And Italy's Finance Minister,
Giovanni Goria, was not the
only one to find himself excluded from the top table. US assistant Treasury Secretary, David Mulford, had to spend the bulk of Saturday's key meeting of the Group of Five hanging around in the corridors of the French inance ministry. The farce began on Saturday

afternoon when finance minis-ers and central bankers of the Group of Five got down to the business of hammering out their communique. To avoid a clash with Italy, they at first insisted they were not meeting as a group at all. The charade ooked pretty thin when their simultaneous arrival at the ministry was witnessed by at least a half-dozen television

Then they insisted that they were there simply for a series of bilateral talks. That story collapsed when word got out that each delegation had been allocated an office at the ministry to base the officials drafting the communique. Desperate to keep up the pretence that nothing would be igreed before the Italians and

Canadians were brought in, the ive ministers then each made 1 solemn promise that they would not brief reporters until fter Sunday's Group of Seven talks. That lasted about two hours until Japan's Finance Minister, Kiichi Miyazawa, briefed Japanese reporters on the broad outlines of the accord, The newswire stories tha mmediately followed probably persuaded Goria that it was hopeless to pretend that he

would have any voice.

Meanwhile, a renewed attempt by the US to increase the size of its delegation in the G-5 talks from three to four was rebuffed by its partners. James Baker, his deputy, land Express, Richard Dayman, and Paul Volcker, the Fed chairman, were allowed in, but Mulford was barred for the second time The money was resulted by the second time.

Men and Matters

US S/E

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in a year. (In 1986, Nigel Lawson kept him out of similar talks at No 11 Downing Street.) The ministers are not com pletely heartless though. Despite his reputation in Europe as the Treasury Secretary's hatchet man, Mulford was allowed to join the rest of the group for dinner. So much for the smooth workings of international financial diplomacy.

Legal team

An item in the Law Society's Gazette sheds new light on the reasons for the recent merger of two large City firms of soli-citors, Clifford-Turner and Coward Chance.

A report on the London Legal football league shows that Clifford-Turner, in division one, had won only two of its matches up to the end of last year. Coward Chance, on the other hand, (as solicitors say), was lying second in division two, with six wins in seven In an inter-divisional match

moreover, Coward Chance's "central striker, Delton Ander-son" scored a hat-trick in the second division's 5-1 win. The advantages of the merger thus becomes plain: Clifford-Turner gains a useful

Grounded

ing to fibreglass boats. striker while Coward Chance gets first division status.

A potentially embarrassing situation has been defused at British Coal which confirmed yesterday that it has refused a film job creation grant to High-land Express, the new Scottish airline, which is expected to name Sir Ian MacGregor as its The money would have come

"I've got a brilliant idea for another new paper — each edition supports a different political party"

from British Coal Enterprise, the scheme set up during the miners' strike by MacGregor to ease the social impact of pit closures. The scheme has since supported a bewildering range of enterprises from snake breed-

There is no suggestion that Highland Express wanted the about money to help redeploy Mac Gregor following his departure A for from the chairmanship of the National Coal Board—especially as the application pre-dated his official involvement with the airline.

However, whereas most of the grant applications are dealt with by the officials of British Coal's job creation subsidiary, I understand that this one was rejected at British Coal's top level, and with the full knowledge of Sir Robert Hasiam, MacGregor's

The formal reason is that the

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airline is based too far away from the areas of Scottish col-liery closures.

Lost for words

Hardly a day goes by without the announcement of enother investigation by the Department of Trade. But for those City types awaiting the knock on the door, the tale of Sumrie Clothes should come as welcome relief.

At the height of the political row over Johnson Matthey Bankers in date 1985, the DoT announced that it was appointamounteet that it was appointing high-powered outside inspectors, Sir Michael Kerry QC and accountant Keith Carmichael, to examine the ownership of the chain of offshore companies turking behind the eeds textile company.

In May last year the key witness presented a mound of evidence to the two inspectors —nearly all of it direplaceable original documents. Over the next few months the inspectors interviewed all those involved, including Sumrie chairman, Michael Hepker.

So why, 18 months later, have they not reported enything? Is it because—as Labour MP, Mr Brian Sedgemore suggests in a Commons motion—the two in-spectors have lost all the docuthe witness?

Tunnel vision

I know that the Channel tunnel project is a bit worried funds—but this ridiculous.

A four-star hotel at Hythe, Kent, is offering weekend visitors not only a chance to see the proposed tunnel sites but shovels to do their own bit towards the project's success.

Those who take up the offer will be presented with a com-memorative certificate together with an invitation to return to

Observer



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ITALIAN ENERGY POLICY

Stalling on the nuclear threshold

By John Wyles in Rome

the aftermath of Chernobyl. However, only Italy

tal expert at a national energy conference beginning today.

t to decide divisions within the puncteer plants prove over-optimistic. whether nuclear part should satisfy any part of this divided nation's energy summer instead of next, then final government decisions about energy policy will be long whose 81 per cent dependence on imported energy far out-strips that of any of its Euro-pean industrial rivals, the ques-pean industrial rivals, the ques-will be called in June which

The debate turns on whether Italy — unlike its neighbours— should enter rather than quit the nuclear energy business.

Despite a succession of gran-

diose schemes, the last 20 years have yielded only three operational nuclear power stations, furnishing little more than 1 per cent of the nation's energy requirement. Year after year. plans remained anchored to the drawing board — sometimes because of the superior lobbying strength of oil and gas interests, sometimes because of the extraordinary powers of local politicians to frustrate national policies, but mostly because governments have lacked the will and capacity to carry them through.

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If two oil price shocks and an energy import bill approaching 5 per cent of gross domestic product (GDP) in 1985 could ing 5 per cent of gross domestic product (GDP) in 1985 could further bruising has been with technical updating."

Further bruising has been with technical updating."

This means it would close inflicted by the vice secretary what are the prospects when nearly L20,000bn (£10bn) has been wiped off the trade bill through lower oil prices and when concern about environce of the conference's three would finish milding the Mon-

means of buying time on the nuclear element. mont (boiling water, 873 Mw), issue for five coalition parties

The highly articulate Mr which was opened in 1981, but who knew that their internal Martelli acts as Mr Craxi's halt site preparation work for

enengy.

Unfortunately, such hopes are found it necessary to bring together the politician and the
physicist, the nuclear plant
builder and the oil trader, the
economist and the environmenhas raised the prospect of a coalition breakdown by suggest-ing he may refuse to hand over to a Christian Democrat premier in April as planned, hopes that The conference is to be a Socratic quest for the "truth," in April as planned, hopes that supposedly to enable the Government to decide divisions within the parties may

nuclear referenda in June which

Since Italy's nuclear power stations barely exist there is no need to invent

them, opponents say

could place even greater obstacles in the rath of power station construction, and keep the nuclear option stalled.

Moreover, the conference's ability to build consensus has been weakened by the with-drawal of environmental groups.

Tot in the national interest to abandon nuclear energy," says would have to wait much longer than three years—perhaps even 10 or 15 years—before a new generation of reactors is developed and proved.

Italian opponents of nuclear energy have not added much to the familiar post-Chernobyl case.

THE BRITISH have had their sizewell inquiry, the West Germans their election campaign and most other European countries their heated debates about the future of nuclear energy in the future of nuclear energy in the future of Cherman (Cherman). September opened up a chasm on energy policy between the Socialists and the dominant coalition party, the Christian Democrats. Having watched the West German Social Demo-cratic Party vote to phase out nuclear energy, he declared that Italy should take a similar The political undercurrents in Italy are not dissimilar from

those to the north. To the left is an increasingly active envir-onmental movement, although much less politically developed than in West Germany. While still divided as to whether they should put up candidates at the next elections, the Italian "greens" could harvest support from the popular alarm created by Chernobyl.

Mr Martelli was moving to shut down this possibility before the much larger Communist Party did so. Unable to be so fleet-footed, that party has been narrowly tied to favouring nuclear energy since its congress last April. The Christian Democrats

have been trimming their hith-erto pro-nuclear position on the pretext of not wishing to pre-judge the conference.

"We have decided that it is not in the national interest to

drawal of environmental groups According to Senator Roberto which have protested that it has Cassola, spokesman on indusbeen set up to yield a pronuclear conclusion.

According to Senator Roberto which have protested that it has Cassola, spokesman on indusbeen set up to yield a pronuclear conclusion.

The protested that it has Cassola, spokesman on indusbeen set up to yield a pronuclear conclusion.

when concern about environmental issues has never been higher?

Today's energy conference

Today's energy conference

Was objecting to a report from reactor 221 May. I the Socialists one of the conference's three would finish building the Monthsher?

Today's energy conference

Central Bank governor. It capacity). They would also rewas conceived last May as a clearly favours retaining the tain the Caorso station in Predments of freedom on the capacity.

second 2,000 Mw unit at should ask whether people will Trino, where the reactor would be of Italian design. accept an 18 degrees C limit on their household temperatures and a 55 mph speed limit." With two stations operating, the party would then sit tight for three years in the hope, says Senator Cassola, that efforts in Sweden and elsewhere

Percentage of Italy's electricity produced by nuclear power

10.2

CII:

TOTAL.

Net Electricity imports 0.2

139.1

OSCUROL: PATE NAZIONALE PER CIBIERDA ELLETTRICA

1985

1985

1 %

15.8 10.9

85.3 58.6

27.3 18.8

10.5 7.1

1.5

5.2

145.6

Professor Baffi's committee has prepared forecasts for the conference on the Italian electricity supply balance up to the year 2000. These will show that the nation will need a hitherto would deliver the so-called in-herently safe nuclear reactor. undisplayed capacity for energy saving if it is to reduce its oil consumption and get by without both nuclear stations and According to most experts, however, the Italian Socialists would have to wait much longgreatly increasing its coal burn.

The nightmare haunting Italian energy planners is a re-jection of the nuclear option energy have not added much to the familiar post-Chernobyl case and a failure to build capacity which uses alternative fuels.

The most useful service the conference could perform might, therefore, be some clearer thinking on the energy options and proposals for institutional reforms which would speed up decision-making and execution. Without a change in the status quo, Italy will have to fall back on imports from France which are already more power stations barely exist, there is no need to invent believes it is riding a powerful wave of public opinion. A news-paper poll published last month revealed that 72.5 per cent would vote to abandon nuclear energy and 70 per cent doubted France which are already more than 11 per cent of electricity consumption. Last week Pro-fessor Colombo identified divine However, Professor Umberto Colombo, president of ENEA, providence as one of Italy's nat-the Italian energy research ional treasures. Perhaps France agency, counters with: "They is to be the terrestrial agency. Italian of two Tory MPs'

FUTURE OF THE BBC

In pursuit of excellence or the ratings

A COUPLE of months ago, Alasdair Milne director general of the BBC, unveiled a bust of Richard Dimbleby in the foyer

of Television Centre.

It is possible that David spirits flagging.

Dimbleby, a son of the legendary broadcaster, had even then been sounded out to succeed Mr Milne, who was going to get through a general forced to resign after meeting election campaign with its reputation. forced to resign after meeting the BBC's governors last month. On Thursday Mr Dimbleby, Underlying the immediate 48, freelance television presenter and newspaper publisher, is almost certain to have should be. Can it sustain its a prominent place in the short-claim to be the universal broadlist of candidates chosen to argue their case before the Board of Governors.

It will be the climax of a

peculiarly British ritual. The choice, a matter of enormous public interest, is being made in an atmosphere of almost total secrecy. It is not known formally what sort of person the governors are looking for, or what the task is seen to be-the advertisement said merely that applicants should be "suit-ably qualified." Nor is it known exactly how many applied for a job that combines the roles of chief executi se and editor-in-chief of the BBC (although more than 300 did). Not a word has been said publicly about who applied, although names have been seeping out for

There appear to be four names at the top of the list: two outsiders and two senior BBC managers. The outsiders are David Dimblehy and Jeremy Isaacs, chief executive of Channel 4; the BBC contenders are Mr Michael Checkland, rose by only 236 per cent. Cur-deputy Director General and Mr rent affairs executives asking

Brian Wenham, managing direc-tor of BBC Radio. Nonetheless, dark horse could still emerge. Much more important than the person is the job and the future of an organisation that has traditionally set the tone

Richard Francis, managing director of BBC radio. A series of disputes and embarrassments centring on the Real Lives pro-

and the frontal assault on the quality of the corporation's journalism by Mr Norman Tebbit, the Conservative Party chairman, have left corporation be 188,000 cable television sub-

tation for impartiality intact.

caster, battling toe-to-toe against commercial television — Blankety Blank as well as Panorama? Is it time to narrow the focus and concentrate more on what. according to the traditional view, "the BBC does well" cur-rent affairs and documentaries and leave light entertainment to others?

According to a recent article in the Royal Television Society's journal Television, funding for current affairs programmes has declined dramatically over the past decade—while spending on drama increased by 632 per cent, current affairs spending

Thursday's choice of Director General will be the climax of a peculiarly **British ritual**

for an extra £2m a year to rectify this situation, fear that lack of resources is forcing BBC current affairs back into the studio and that important international stories are not being covered properly.

Two-short term problems around the governors attitude need to be tackled almost as early as next Monday. The first is the serious collarse need to be tackled almost as to Such questions of role.
early as next Monday. The first is the serious collapse of decide on financial priorities, morale at the corporation following the departure of Mr it would be wrong to overstress Milne and, previously, of the sense of financial crisis. Aubrey Singer, managing director of BBC Television and Richard Francis, managing director of BBC Television and Richard Francis, managing director of BBC Television and Richard Francis, managing director of BBC Television and system. Nevertheless the Government's decision to index the ernment's decision to index the licence fee to the retail price index-usually considerably lower than the rise in costs of

scribers in the UK at the moment, but already they are spending 28 per cent of their

viewing time watching cable A Luxembourg-based company, SES, plans to launch a 16-channel television satellite, Astra, next year. The channels will be available on cable networks but also, it is claimed, on individual domestic dish aerials. The four main candidates to succeed Mr Milne will have to

succeed Mr Milne will have to have convincing solutions to offer to all these problems.

David Dimbleby may have staked his claim with a speech last October expressing fears that the battle for ratings and the proper coverage of news and current affairs were incompatible. But he has to overpatible. But he has to over-come widespread internal oppo-sition and lack of experience at

running anything as large as the BBC. Jeremy Isaacs has a distin-Jeremy Isaacs has a distinguished record as a programme maker and a success story at Channel 4. He has, in the past, appealed for a BBC which "risks the ratings and challenges the audience" but the left-of-centre broadcaster may be seen as too politically risky.

Michael Checkland, an ac-countant, rather than a programme-maker has underlined his claim by combining a warn-ing to the Government to keep its hands off the BBC with re assurances that the corporation could cope financially.
Brian Wenham, like Isaacs a

former editor of Panorama is a polished BBC mandarin who led the successful defence of the licence fee in evidence to the Peacock Committee
If the governors are divided

and feel there is a short-term crisis of morale and political grip that urgently needs tackling, the call could go out to a man who did not apply and who at 61 is a year over the normal BBC retirement age. Paul Fox, managing director of Yorkshire Tele-vision, also a former editor of Panorama and widely respected in the broadcasting industry, is clearly prepared to argue his case on Thursday if asked. One BBC executive was heard to say last week: "Paul Fox is getting younger every day.'

Raymond Snoddy

Lower interest

rates From the Joint Treasurer Liberal Party

Sir,—Is there anything at all ment to allow interest rates to fall? Not by just one per cent, which will no doubt happen with the Budget, but by three per cent to bring the bank base rate down to eight per cent. Can there indeed be a better time than now with the public sector borrowing requirement expected to fall by £3bn below forecast and with inflation still at a low level, although rising. significant fall in interest rates would produce an equi-valent fall in mortgage interest rates which in its turn would reverse the rise in inflation. If the present conditions are not right for a fall in interest rates, when, indeed, are they ever likely to occur?

The US, with an immense balance of payments deficit, but lower unemployment, has a seven and a half per cent prime rate and mortgage rates below nine per cent. What justifica-tion can there be to retain a differential of three and a half per cent over rates in the US? It is claimed that UK rates can only fall in line with similar reductions in the German and Japanese rates. Yet since they are already down to three per cent, and with negative interest rates being represents interest rates being somewhat unlikely, are we obliged to retain for ever more a differential rate of eight per cent over these countries with whom we compete? Anthony Jacobs.

9 Notlingham Terrace, NW1.

A national curriculum

From Mr G. Redice MP Sir,-It is good news that Joe Sir.—It is good news that Joe Rogaly has returned to journalism and that he should be writing about education (February 11 and 12). But, as an experienced journalist, he really should not have swallowed Mr Baker's claim that the Labour Party is merely following the Government's lead in supporting the idea of a national curriculum.

Letters to the Editor

should make up the core curriclum and argued that a new National Education Council, with membership drawn from all the education partners, should be the forum for reaching agreement on the core curriculum.

I hope that when Joe Rogaly next writes on education he checks his fact first!

Giles Radice (Labour Party Education Spokesman). House of Commons SW1.

Private sector investment From Mr W. Orchard

Sir,—Eurotunnel and Dart-ford Bridge are projects where the returns are sufficiently good to attract private sector invest-ment and as a result Mrs Thatcher decides not to provide any public sector funding. Government also refuses to con-sider grants to encourage industry to invest in energy efficiency and electricity generation projects which offer six-year paybacks on capital where industry wants three-year pay-

backs. The test for Mrs Thatcher is whether she applies her sound logic to the Central Electricity Generating Board's request for public money to develop further applies to the control with the contro power stations with pay backs of 16 to 20 years, which must be very doubtful private sector

Capital grants of 50 per cent Capital grants of 50 per cent to industry and commerce for combined heat and power plants will give better security of supply and lower cost electricity and will result in a call on PSBR of about £250 per kw of electricity generating capacity installed, compared to between £350 and £1,350 per kw for CEGB options.

Government has directed the CEGB to introduce private

CEGB to introduce private sector capital. Joint ventures for windpower, wavepower and city combined heat and power in the sector capital transfer in the sector capital capita

are built as private sector led ventures like Eurotunnel and Dartford Bridge or subsidised with public money.

The competition between the AGR, PWR and the coal lobby

and the power engineering in-dustry's need for orders could mean that market forces would provide the best deal for elec-

tricity consumers. W. R. H. Orchard.

Honest tariff strategy

From the Director, British Leather Confederation

Sir, - Lombard (February 20) was correct to suggest that honest tariff strategy is due for reconsideration.

reconsideration.

So far as the leather producing industry is concerned, the UK is an open market with tariffs ranging from nil to 7 per cent. Developing countries have General System of Preference duty free quotas or ceitings, even when the latter are exhausted we find the European Commission reluctant to re-impose duties. Many overseas countries give subsidies to their leather and/or leather products industries by means of direct or indirect financial incentives to exporters, or they place emto exporters, or they place em-bargoes on raw material exports even though such action is in contravention of Article XX(i)

of the Gatt agreement. Conversely, UK exporters of leather and/or leather products find much of their world markets obstructed by high import duties. Japan is a case in point. Her revamped tariff quota system for leather in the piece is designed to prevent imports as designed to prevent imports, as were the previous arrangements. The complex deal negotiated by the EEC last year, and heralded by them as a breakthrough, whereby imports of leather within the quotas are tariffed at 20 per cent otherwise at 60 per cent, has proved to be of no benefit to leather

Japanese exports to the UK of comparable leathers, and mainly dutiable at 7 per cent rising by 130 per cent.

There is no doubt whatever that the UK leather industry unanimously agrees that it is about time realistic tariffs were

for relying on other sources. They say that since the nation's

it could ever be made safe.

anti-nuclear crusade

(Dr) R. L. Sykes. Leather Trade House, Kings Park Road, Moulton Perk. Northampton.

Protection for

banks From the Managing Director, IBCA Banking Analysis. Sir,—John Plender (Lombard

February 19) is hard on the Treasury when he complains that the reciprocity measure announced by the government will give banks undue protec-tion. Probably the most important issue currently facing regulators, and the one most difficult to resolve, is how to create a level playing field so that competition can be fair. For example, the Japanese banks have taken substantial market share, both in the US and the UK, by quoting rates with which US and British banks, at least, cannot compete

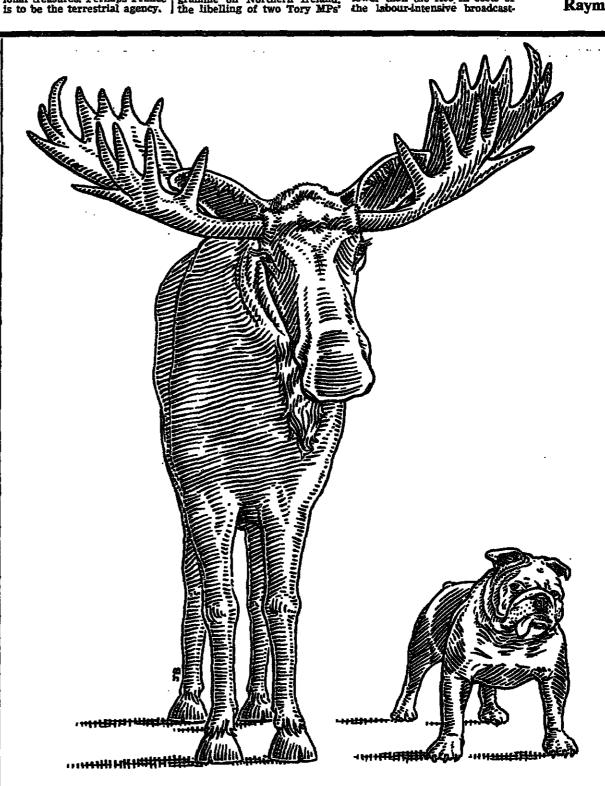
banks, at least, cannot comperes because of the more onerous capital requirements imposed by their regulators. Creating a level playing field also entails a degree of equality in acquiring banks in compet-tors' home territory. Currently, Sumitators Bank has a market Sumitomo Bank has a market capitalisation seventeen times that of Midland and twice that of the "Big Four" British clearing banks combined. Nomura's market capitalisation Nomura's market capitalisation is around one hundred times that of Mercury International. Surely it would be unnecessarily friendly to allow these institutions to buy British banks while it is impossible for British institutions to take reciprocal action in Japan.

Although the Treasury's action appears fair, however, I am concerned that Mr Ian action appears fair, nowever, I am concerned that Mr Ian Stewart, the Economic Secretary to the Treasury, seemed to be implying that, despite the rules to stop unsuitable shareholders building up stakes and the proposed excitonality. swallowed Mr Baker's claim that the Labour Party is merely following the Government's lead in supporting the idea of a national curriculum.

The truth, as the Financial Times pointed out on February 9, is that the Labour Party has been making the case for an agreed national core curriculum for sime time.

Jim Callaghan, when Prime Minister, first made the case for in 1976. And the Party's "Charter for pupils and parents," published in 1985, argued for a core curriculum in secondary schools. In a Fabian Society pamphlet "Equality and quality," published last year, I discussed some of the elements that whether our next power stations.

Government has directed the CEGB to Introduce private sector designes for breakthrough, whereby imports of leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be of no benefit to leather within the quotas are trainfied at 20 per cent, has proved to be don't be all per devices which at 20 per cent, has proved to be don't be all per devices belong to the Monopolies Commission. The Banking Bill, as now maked at 20 per cent, has proved to the Monopolies Commission. The Banking Bill and



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FINANCIALTIMES

Tuesday February 24 1987

Newport

Relocation details on 0633 56906

Nancy Dunne in Washington reports on the shortcomings of the US health care system

Americans count the cost of growing old

MARIE, a short, spry Italian-American in her eighties, is living out her life in the comfort of her longtime family home, but as a pauper. Nothing remains of the substantial assets she accumulated with her late husband Philip. When Marie dies, her house will be sold and the proceeds will go to the nursing home where Philip, a stroke victim, spent

Death may be the great equaliser, but for many Americans the leveling process begins when they en-ter nursing homes for full-time care. With the average cost at about \$22,000 a year, few of the 1.5m Americans in nursing homes can afford the long-term, often terminal stay. Bit by bit, their assets are sold until the ill are impoverished enough to qualify for Government help under the Medicaid pro-gramme for the poor.

"What most people fear, especially older Americans, is that home ealth care or nursing bome bills will eat up their savings, and that they will go broke, flat-out broke," says Senator John Melcher, chairman of the senate special commit-

Many Americans hoped President Reagan would allay those fears with his long-awaited plan for "catastrophic" health insurance made public this month, and opposed by Administration conservatives, fell far short of the comprebyists for the elderly wanted.

The President's scheme, develop-



America's elderly: facing up to the prospect of an expensive retirement

an expansion of the present Median expansion of the present Medicare programme, which pays about first step." Senator David Duren-urgently - those with incomes beand 3m disabled people.

beneficiaries would receive an unliwhich goes as far as covering for terminal illness. But the proposals, made public this month, and op-stage of the proposals, and op-stage of the proposals op-stage op-sta hospital bills would be met after the first \$2,000 a year. The plan does little," he adds. hensive insurance coverage the lob-not cover the cost of medicine, or of eye and dental care.

ed by Dr Otis Bowen, secretary of that the plan is just another "big health and human services, calls for government" solution, many in Con-

45 per cent of the medical costs of berger of Minnesota, a top-ranking the nation's 28m citizens over 65, Republican on the Senate finance committee, says "it is unconscion-Under the scheme, Medicare able that we have let senior citizens \$2,000 in medical costs.

> "The most serious criticism that can be offered is that it is far too

Capitol Hill, where the elderly, who tion, let alone catastrophic protecconstitute a powerful lobbying tion.

group, have influence far beyond their numbers. Some legislators say tain that Congress, in its present population has barely been tackled.

tween \$8,000 and \$10,000 a year and who do not qualify for Medicaid, cannot even afford to pay the first

Others complain that the scheme does not protect the 2.8m people under 65, whose medical expenses are more than \$5,000 a year. Nor is there any help for the 35m Ameri-cans who have no health insurance at all, or for those whose insurance does not provide good basic protec- patients whose visiting children

posed. In the 21 years since Medihas become the country's biggest social welfare programme, have soared from \$3.7bn to more than

Last year, the cost of medical care rose seven times as fast as the consumer price index in spite of efforts by the Government to restrain

Several options will be considered in Congress, including requirements that employers provide catastrophic insurance coverage government subsidies for private insurance; tax incentives for private policies; and changes to expand cur-rent Medicaid or Medicare coverage. It is likely that the President's scheme, or something like it, will be approved, while the search for a real answer goes on.

Even among liberals, suggestions of socialised medical care remains an anathema. Meanwhile, health care is costing more, as people live longer and the elderly make up a larger proportion of the population. The number of elderly people doubled between 1950 and 1980, and it is expected to double again by 2030, when those over 65 will comprise more than 21 per cent of the

By the year 2040, it is estimated that nearly a third of those over 65 will have living parents. Already, are, themselves, grandparents. The question of who will pay the bills

tion, and the possibility that this time even the US might join in, was a powerful deterrent. A post-summit atmosphere of co-operation rather than bickering, leaving aside Italy's grievance, probably carries more weight with currency traders than the details of the statement. The communiqué itself offered Rover unit

little that had not already been said a Japanese promise to make every effort to obtain Diet approval for the budget is rather charming, while US forecasts of cuts in the fiscal deficit are as credible as the last time they were mouthed. The deal has a chance of working simply because the currency markets are now amenable to a stable dollar, for a while anyway. But thoughts of the still huge trade imbalances meant that few market economists were yesterday changing forecasts of a somewhat lower dollar by the year end - and it is their sentiments ufacture, controllable pitch propell-

It is a cliche universally acknowl-

edged that exchange rate agree-

ments made by groups of five, six or seven leading industrial nations have little chance of working for

longer than the short term if they

go against market sentiment. The success attributed to the Plaza

agreement in getting the dollar

down might more properly have been credited to foreign exchange

dealers, who had already decided

that the US currency was overvalu-

ed. The failure of later deals to halt

the dollar's fall showed the market

(as well as Mr James Baker) cling-ing to that belief, long after the Jap-

anese and West Germans had aban-

The deal agreed last weekend in

Paris has at least passed the test of

the first business day. Foreign ex-

change markets yesterday were re-

mornings after, and the dollar was as stable as the G7 members could

have hoped. There was no rush to

buy the dollar, but nor was there

the usual market reaction of hitting

it to see what response, if any, came

The threat of concerted interven-

from the central banks.

markably quiet, compared to recent

News and News

tion to one another and display no No sooner has Mr Murdoch's citcounter-cyclical hedging relationadel at Wapping established that the UK newspaper business can be

which get passed on to the dealers.

and cents might suggest Vickers as a candidate were it not that the costs of pushing the Rolls-Royce up to the VICKERS state-of-the-art in motor technology probably demand that the business

In producing 1988 profits up 20 per cent at £54m Vickers has underlined the restoration of its image but last year was not a such a great step forward in profitability. Return on sales in the continuing businesses edged up from 8.3 per cent to 8.7 per cent. It Vickers makes £65m pre-tax this year, then the shares are on a multiple of 11. That standard engineering sector rating makes acquisitions for paper a dodgy proposition. But the manageconcerned with making money than ment does not appear to regard the an outbreak of circulation warfare doubling of the gearing ratio to 33 shows that other proprietors are per cent as the cue for a period of equally determined to reassert his-torical Fleet Street values. The consolidation.

is sheltered within a larger compa-

500 I

reappearance of Lord Rothermere's

Vickers

THE LEX COLUMN

Sensibilities

Evening News after seven years' Cambrian

absence and seven days' cogitation Cambrian & General's decision to is in the grandest tradition of tacti-cal management. The money spent putting the Evening News on the write off above the line its entire \$20m investment in Ivan Boesky and Co has set an example which stands is likely to divert only the others with heftier exposures, like less pertinacious inquirers after Mr Guinness, may find difficult to fol-Maxwell's new and relatively serilow. Prudence, however, is all that ous Daily News, but it will certainly confuse the issue: "News, News Cambrian can currently offer its unfortunate shareholders. The anand Standard", is a street cry to nual report proves how successful insider arbitrage can be but has conjure with. Given the weight of Mr Maxwell's investment, however, little to say about when Cambrian's Lord Rothermere may have to fight harder than this to defend the Stantheoretical assets may find a mardard's monopoly of the London evening market, ket price through a restored share quote. As nobody will want to take a punt in Cambrian until a cap is placed on the liabilities, the Stock Exchange's reluctance to unfreeze the shares is not yet a nuisance; in-Vickers has done a fine job over deed the shareholders might be betthe past few years in weeding out ter served by an off-market offer. the underperformers in a sprawling Only those with a strong nerve and some knowledge of the US legal portfolio of businesses. But if the grand plan - investment in compasystem need apply.

Since it is a judgment on the lianies with high market shares in the

major economies - is comprehensi- bilities that will determine the ble, the results can still seem con- price, it is ironic that the largest fusing. Last year's acquisitons were shareholder - the SEC, which took of companies involved in tank mannost of Boesky's stake - is presumably in possession of inside information in relation to the evidence. ers' six principal activities, while all Perhaps it should think of appoinsound businesses, have little rela- ting a third party to look after its stake is eventually struck it may do no more than prove what a hard bargain Ivan Boesky drove.

ihou

Brazil's creditor banks meet on debt move

BY ALEXANDER NICOLL AND ROBERT GRAHAM IN LONDON

leading creditor banks was meeting and that there was no immediate in New York last night to discuss need for them to intervene. In the their reaction to the country's unilateral suspension of interest pay-

don took a cautious view of the Brazilian move, though they were conscious that it represented the first

ready transmitted to all creditor

ready transmitted to all creditor

results in 1982

gether these countries account for over \$250bn of the region's \$370bn

gether these countries account for over \$250bn of the region's \$370bn

pressures which then severely foreign debt. erupted over four years ago. Some said, however, that the de-

sire to begin a dialogue rather than to allow the payments halt to escalate into a major confrontation is hampered by uncertainty about precise details of payments halt and about whether Brazil will back it up with convincing economic mea-

Top Brazilian officials are expected to visit Washington and New York later this week and are expected to put Brazil's position to the advisory committee. Bankers expect-ed that there would be contacts at the highest level between US banks and officials in Washington.

So far, US officials have sought to distance themselves from the situation, saying that Brazil's move did

BRAZIL'S advisory committee of not threaten the banking system previous weeks, Adminstration and Federal Reserve officials had repeaments, announced at the weekend.

Bankers in New York and Lonslowly in negotiations with debtors debt crisis first broke with Mexico's country's \$104bn foreign debt. To-

> zil's desire for negotiation rather than confrontation.

But some bankers remained uncertain yesterday about whether sion of payments was indefinite or would be for 90 days as had been expected.

They also said that the deterioration of the Brazilian economy reinforced their view that President Jose Sarney would have to take economic steps which would be backed the International Monetary Fund. The Government has refused to negotiate an IMF accord.

Although banks were naturally seeking to minimise the consequences of Brazil's action, bank shares fell sharply on Wall Street and in Canada in early bursts of

ic and dislocation in world financial last Friday the indefinite suspen-

formal suspension of interest pay- banks a telex from Mr Dilson Funa- eroded the short-term trade credit ments by a major debtor since the ro, the Finance Minister, which was and interbank lines of Brazilian

Among Latin American debtor countries reaction has continued to be cautious. The exception has been Peru, where President Alan Garcia has claimed Brazil's action as a vindication of his own stance in refusing since July 1985 to pay more than 30 per cent of export earnings

in debt service. Nevertheless there are signs that the Brazilian move is beginning to have wider impact. Venezuela, due to meet with its creditors in New York today, is reported to be seeking greater flexibility from the banks. Mr Manuel Azpura, the Venezuelan Finance Minister, was quoted yesterday as saying: We hope that the position of the banks will be more constructive and flexible" in the light of Brazil's move.

Beyond this, however, Brazil's It has now emerged that Presidannoucement was not marked by net Jose Sarney of Brazil informed the panic and dislocation in world both his Argentine and Mexican financial markets which by the pan-

> Yesterday, Dr Mario Brodersohn, the Argentine Finance Secretary in Brasilia for consulations. His visit underlined the degree to which Argentina and Brazil are anxious to keep each other informed.

In a separate move, the Ecuado Government said it would be seeking to postpone interest payments ercial banks on its foreign debt. A Government spokesman told Reuters newsagency that Ecuador would be proposing semi-annual or annual interest payments on some \$5bn of medium and long term debt. Since January Ecuador has stopped payments on such debt due to a shortfall in oil earnings. The concession being sought by Ecuador was last week conceded to Chile after strong opposition from Citicorp, fearful of a knock-on ef-

to expand the music channel into a

specialised music network.

TF-1 ended at midnight

general entertainment rather than

At the same time, in a day of cli-

maxes for the Government's televi

sion broadcasting reforms, the

deadline for applications to operate

The frontrunners to acquire the

50 per cent controlling stake in the

leading state television network are

expected to be a consortium led by

Hachette, the leading French pub-

lishing group, and a rival group led

However, the main candidates

attracts Indian interest

ABOUT five Indian-owned compa-

nies, including Bajaj Auto, which is the world's second largest producer pressed an interest in buying Ashok Leyland, the Indian truck and bus offshoot of Rover of the UK. Based in the southern Indian city of Madras, Ashok Leyland was not

included in the new Daf-Leyland group announced last week. It is India's second biggest producer, with an output of around 16,000 trucks and buses a year, which roughly equals Daf's existing output and exceeds that of Leyland's UK factories. But it has been facing sales problems in recent years.

The prospective buyers will now be approaching Rover of the UK with bids for its 40 per cent of the company, held by Leyland Interna-tional Holdings, which industry an-

Rover is expected to want to sell the stake, along with a 59 per cent holding in a sister company called Ennore Foundries, because it will have no interest in heavy trucks through. A sale would also raise some capital, although it would lose its annual dividends of some

£800.000 a vear. The Bajaj offer was first made privately in the middle of last year and was confirmed in New Delhi yesterday by Mr Rabul Bajaj, chairman and managing director of Baiai Auto, who has purchased shares on the Indian stock market totalling

less than 1 per cent of the equity. "I have put in a bid for all or part of Rover's 40 per cent holding in Ashok Leyland and I hope, following the announcement about Daf, that Hover will come back to me with a reply," said Mr Bajaj, who is also part-time chairman of Indian Airlines, the country's government owned domestic airline

Other approaches are believed to have been made by Indian industrialists living in India and abroad. Some interest is also expected from European truck manufacturers. whose ability to offer advanced technology might help them to win essential support from the Indian Government. About 35 per cent of the equity is in the hands of government-owned financial institions. and the remaining 25 per cent is

widely held.

The existing all-Indian manage ment of the company is likely to favour a new foreign-based owner, partly because it would probably allow them more managerial autonomy than an Indian entrepreneur such as Mr Bajaj.

Kenneth Gooding writes from London: Rover Group said in London yesterday that it had received several completely unsolicited offers for its shareholding in Ashok and, while its 40 per cent stake had not been put up for sale, the situation was under review.

Two other major Rover associate Africa - are not included in the joint Leyland-Daf organisation.



ers and neo-natal incubators. Vick-

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Syria determined

Continued from Page 1

Progressive Socialist Party.
The forceful exhibition was a sample of Syrian determination to end the reign of the milities over West Beirut after street battles had left some 200 dead and

Brigadier Kanaan pointed out that the security plan would cover a wide area, insinuating that the southern suburbs, where Hizbullah is believed to be holding foreign hostages, will not be exempt. It is still not clear what stand Iran may adopt on the Syrian development and how far it will go in protecting its local fol-

lowers. Although Israeli Defense Minister Yitzhak Rabin said Israel would weigh its response to the presence of Syrian troops in west Beirut carefully, this was not seen as a real outcry by the country that was supposed to be the

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most vocal objector. The PLO has said Syria's intervention violated Lebanese sovereignty and en-dangered Palestinian refugees in

camps besieged by Amal, Dam-ascur's closest ally in Lebanon. Mr Walid Jumblatt said be was ready to hand all his militias weapons to Syria and would re-turn to Beirut to order his men to

she was happy to wake up to the sound of honking horns than to the habitual machinegun fire in her neighbourhood express dishellef at the prospect of get-ting rid of the militias. This is how these people live. They make war and get paid for it. What are they going to do now?" Despite its formidable military

might, Syria may be in for some local resistance. The next few days will show how far it will go

French TV contracts

Continued from Page 1

Silvio Berlusconi, the Italian television entrepreneur, and Mr Jerome Seydoux, chairman of the French Chargeurs transport and communi-

eations group.

Mr Hersant, who defended his elevision project during US-style public hearings before the CNCL ast week, will become chief executive with a 25 per cent stake. Mr Berlusconi will also have a 25 per cent stake and become deputy chief executive, while Mr Seydoux will retain a 10 per cent interest in the

While Mr Hersant had been widely expected to gain control of the Fifth Channel, the battle for the sixth channel appears to have been more finely balanced. However, the CNCL finally decided to grant the concession to the Metropole TV consortium rather than to the current operators of the music network.

have been struggling to put together their bids because of the higher than expected price of FFr 3bn (\$493m) that the Government has put on for the 50 per cent controlling stake in the network. The remaining shares in the network are to be offered to the public with 10

by Bouygues

per cent reserved for employees of the channel.

Metropole TV, grouping the CLT and the Lyonnaise des Eaux, plans

Continued from Page 1

He entered the courtroom, which

questions. When at the outset of the "Either there is peace for the Arab hearing he was asked his name and people", he said, "or there will be no peace for anybody anywhere." His argument was that the charges against him could not be

ernment, which had been responsible for countless killings in the Middle East should be plaintiffs for the

alleged "victims" in the case. Mr Jacques Verges, Mr Abdal-

Abdallah quits court

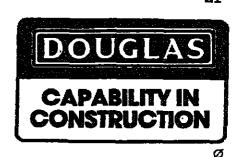
basic details about himself, he replied "I am an Arab."

was packed with reporters and an separated from the "imperialist aginvited public, just after 1 pm - a gression" against Arab people. In slight, heavily-hearded figure in particular he condemned the cyni-jeans brown jacket and blue swea-cism by which the American Govter, with shoulders slumped slightly forward. His eyes darted sharply from his judge to the courtroom.

He had learnt by heart the long declaration he made - parts of which had already been published lah's lawyer, said afterwards that in a French weekly - and was heard Mr Abdallah would not return even in silence. The speech breathed a for the verdict and the sentence at chilling hatred of the US and of his the end. He stands to get life imcaptors and a willingness to use any prisonment for complicity on the means in defence of the Arab cause. two murder charges

SECTION II - COMPANIES AND MARKETS **FINANCIAL TIMES**

Tuesday February 24 1987



American Motors returns to black in fourth quarter

AMERICAN Motors, the struggling US car manufacturer which is 46 per cent owned by Renault of France, returned to profit in the last quarter of 1986 for the first time since 1984, despite a continuing de-

With the release of three new passenger cars based on Renault's European models, the company this year expected to boost its sales for its Jeep utility vehicles and the rethe first time in three years, Mr Jo- markable success of the Jeep Cherseph Cappy, AMCs president said okee and Wagoneer in the passen-

AMC's net profit of \$20m, or 10 cents a share, in the last quarter ly rapidly in recent years. compares with a loss of \$6.7m, or

per cent improvement on the deficit of \$125.3m, or \$1.24, in 1985.

However, net sales were 12.5 per cent down last year at \$3,5bn. compared with \$4.0bn in 1985. In the fourth quarter, sales of \$938m com-pared with \$1.13bn the year before.

ger utility car market, AMC has plant in Ontario. been losing market share extreme-

This has been largely a result of In 1986 as a whole, AMC made a pean Renault 11, to make any signi- US car market, Mr Cappy said.

net loss of \$91.3m, or 99 cents, a 28 ficant inroads into the US market for cheap subcompact cars, In the upper end of the ear mar-ket, AMC has had no new offerings for many years.

Mr Cappy said yesterday that the larger Medallion model, a US ver-sion of the Renault 21, to be imported directly from France, would go on sale from next month onwards. A totally new Renault design, the Premier, will start being manufac-tured in the autumn at AMCs new

These new models would give AMC a presence in the markets for compact cars, station wagons and nine cents, in the same period the the failure of the Encore and Alli-larger "intermediate" cars, thereby previous year.

the failure of the Encore and Alli-larger "intermediate" cars, thereby ance models, based on the Euro-covering more than half the total

Elders IXL set to take over Carling with C\$392m offer

BY BERNARD SIMON IN TORONTO

ELDERS IXL, the aggressive Ausnounced a tentative agreement to tralian group, is set to gain a footsell its energy subsidiary, Star Oil hold in the Canadian beer market and Gas. Rothmans' increasingly through a CS392m (USS294m) bid active role culminated in the refor Carling O'Keefe, the brewing placement of Carling's chief execu-and energy company controlled by tive last October.

The British company's decision to

gare as part

The last of the control of the contr

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agreed to tender its 10.9m shares in Carling, representing 50.1 per cent lyst at McNeil Mantha, a Toronto of the total, to Elders. The Australsecurities firm, said it seemed that ian company plans to make a hid by
March 25 for all Carling's common shares at a price of C518 each. The

Carling has recently improved its shares have recently been trading

Rothmans has worked hard recently to put Carling on a more stable footing after two years of declining market share and falling earnings. Carling has sold its Canadian wine interests and recently an-

ing to buy shares held by Mr Do-

nald Trump, the New York real es-

tate developer and casino operator,

at what appears to be a substantial

According to an agreement reached over the weekend, Bally

will pay Mr Trump about \$83.7m for

his 9.9 per cent stake in the compa-

ny to settle a battle between the ri-

The agreement, which guaran-

stance of preferential shareholder

emium to the market.

The British company's decision to Rothmans said yesterday it had withdraw has thus come as a surprise. Mr David Cohen, drinks ana-

> financial performance. Profits in the nine months to December 31 rose from CS8.4m in 1985 to C\$16.7m last year. Sales increased from C\$690.2m to C\$733.6m. Earnings in the quarter ended December 31, more than doubled to CS6.6m.

Carling was riding high in 1984 a brewery in Cork.

BALLY Manufacturing, the Chica- est US tyre maker, bought out Sir er than a year from now, and ex-

go casino company and maker of James Goldsmith at a market prempenses Bally stock was trading ear-slot machines, has thwarted a jum at the end of last year. This ly yesterday at \$17%, down \$1%.

two casinos in Atlantic City along-

side some spectacular property de-

velopments in New York, has made large profits from block invest-

ments in hotel and casino compa-

Mr Trump, who paid less than \$20 a share when he bought into

of his 3.1m shares, an option to sell

threat to its independence by agree- practice is sometimes termed

tees Mr Trump a profit of around Bally last November, will receive a 530m, is the first significant in-

treatment since Goodyear, the larg- the remainder at \$33 a share no lat- Bally.

after the successful launch of Miller High Life beer in Canada, But its share of the CS5bn-a-year Canadian beer market has shrunk from 30 per cent to 22 per cent in three years, due partly to its late move in-to packaging its other brands in popular long-neck bottles with twist-off caps. The company wrote

Carling forged a link with Elders a year ago by signing a licensing agreement to brew and distribute Fosters lager in Canada. Its other beer brands include Carlsberg, Carling Black Label and Old

off C\$20.6m in obsolete bottles in

The company's interests also include control of the Irish brewer

place very quickly. Trump gains \$30m as Bally moves to protect independence

At home, the Otto Wolff steel pro-cessing and trading businesses are being burt, like the rest of the community steel industry, by low steel

group comes as its founder, Mr Otto Walff von Amerongen, is about to retire from his executive role and hand over control to his son-in-law, Mr Arend Oetker.

The group, which fought and won a hitter battle with the Hoesch steel poration, the hotel company with three casinos in Nevada, and walked away with a \$35m profit group to retain control for PHB two rears ago, expanded PHB activities when the company announced a re-capitalisation plan in November. The money was re-invested in in France very quickly in the early

The leadership in both Wolff and PHB is now said to agree that the rench acquisitions were probably allowed too much free rein. Both the new management in France and the pledge to buy full control of the operations there seem to bear out a new determination to impose

Daishowa subsidiary in US deal

BY YOKO SHIBATA IN TOKYO

DAISHOWA America, the US sub-sidiary of Daishowa Paper Manufacturing of Japan, has agreed to buy the corrugated cardboard man-ufacturing units of Louisiana-Pacific of the US for Y26bn (\$170m). The Japan. deal is due to be completed by the

end of next month. It is understood that Daishowa outbid three US contenders for the unit, Fiberboard Corporation, which has a plant in Antioch, Califormia, capable of manufacturing 240,000 tons of corrugated paper a year. The unit employs about 650

300,000 tons a year by injecting als and fuel, making the cost of fornia.

the US for the time being, but additional facilities will be built there in two or three years for exporting to

other Japanese paper manufactur-ers such as Settsu and Kanzaki Paper, which have recently established production outlets in North America in response to accelerating pa-per imports into Japan resulting from the strong yen and lower ta-

After the purchase, Daishowa Japanese paper manufacturers will lift the production capacity to rely totally on imported raw materi-

Y6bn on modernisation. Products manufacturing corrugated card-from the plant will be marketed in board 30 to 40 per cent higher than

casino in Atlantic City to match Mr

Trump's pair. Mr Trump had tried to thwart the deal.

Last September, Mr Trump bought 4.9 per cent in Holiday Cor-

Initially Daishowa was planning manufacturing in California from scratch. However, strict pollution Daishowa's move follows those of control made new construction plant difficult and would have cost more than Y30bn.

The Fiberboard facilities and skilled workers, coupled with cheap material and fuel costs, will enable Daishowa to produce corrugated cardboard papers 50 per cent cheaper than those produced in Japan.

Funding for the takeover will be supplied by Japanese banks in Cali-

PENSION FUND

The Financial Times Survey on Pension Fund Investment which was due to be published on February 25 1987 has been postponed and will now appear on:

Thursday May 21

Michael Bampfylde Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 ext. 4008

Losses at PHB 'due to French units'

PHB Weserhuette, the big West German bulk handling and mining equipment group, said it had to take "exceptionally high losses" last year because of trouble in its French subsidiaries.

PHB, part of the Otto Wolff group, said its French businesses had lost DM 60m (\$33m) last year. A senior French manager is reported to be under investigation for embezzlement, and PHB is planning the complete takeover of all its French operations, none of which has yet been consolidated. These include the plant builder,

PHB Someral in Mulhouse, Som-Delattre in Paris and Delattre Levivier, once Crepsot Loire's materials handling subsidiary. PHB has

pump fresh funds into PHB, whose inmestic husinesses made net profits of DM 3.4m in 1985 on turnover of DM 454m, to help it cover the French losses. Complete 1986 PHB figures will not be known until the

PHB claimed, though, that the French problems were largely "one off." It said that as a result of thor oughgoing structural changes, the elimination of "loss sources," organisational streamlining and the esablishment of new management the conditions for a successful con tinuation of the French businesse have been created."

It appears that PHB in Cologna realised in the summer of last year that the French operations were losing a serious amount of money. Much of the change referred to in the company statement has taken

The Wolff group, PHB include is also facing difficulty in home and export markets. Demand for the heavy materials handling and prong equipment of the kind PHB builds has fallen dramatically in the developing world, particularly in oil producing countries. PHB also said that low domestic orders and a costly restructuring programme would mean losses for the German busi-

It is also the second time in three lawsuits and should free Bally to months that Mr Trump, who runs buy the Golden Nugget hotel and ports.
This new crisis for the Wolff

Union Bank of Finland lifts profits by 2.2%

By Oll Virtagen in Helsinki UNION BANK of Finland, the coun-

try's leading commercial bank howed an increase in profit of just 2.2 per cent, before appropriations and taxes, to FM 849m (\$185m) last year when banking in Finland, according to Mr Mika Tiivola, UBF's chairman was "perhaps riskier than

The merger with Bank of Helsin ki helped boost consolidated assets to FM 104.67bn up 17.3 per cent

Total deposits at the end of the year amounted to FM 91.03m while lending totalled FM 86.2m. The group's operating margin increased by 5 per cent to FM 1.3bn but as a tage of gross income it came down from 16.5 per cent to 14 per cent. Return on equity dropped from 13.9 per cent to 9 per cent.

Credit and guarantee losses in-creased from FM 37m to FM 145m, which, according to the bank's annual report, is still modest. Income from foreign exchange doubled to FM 191m,

The UBF parent bank reports a profit before taxes and appropriations of FM 763m, up 12 per cent from 1985. Return on equity declined from 13. 1 per cent to 10.4 per cent. A decrease in net interest in-come was the biggest contributor to weaker results, said Mr Ahti Hirvonen, managing director.

Anne Charters in Sao Paolo looks at a high profile Italian acquisition

Ferruzzi gets a taste for Brazil

WITH the single acquisition of Cica, Brazil's biggest canned foods manu-facturer, the Ferruzzi group of Italy has vaulted into high profile domestically and brought its Brazilian operations more within the dimensions of its international agroindustry businesses.

Cia Industria de Conservas Alimenticias (Cica), a traditional family-run enterprise with operating profits of \$251.8m for the year to the end of April 1985, is a common household brand for jams, jellies and concentrated tropical fruit

Even more important, with the help of its congenial animated ele-phant, the company's Elefante brand tomato paste and other tomato products appear in half of Brazil's homes when pasta is prepared. Cica is a good catch, regardless of whether it is indeed the largest canned food producer in Latin Amseldom bought companies outright in France, preferring control and a continuing interest from the origi-the largest in Brazil, according to Mr Osvaldo Ribeiro, one of the di-The Otto Wolff parent has had to rectors of the Ferruzzi group's Brazilian holding company Mopevi. We've been courting the company for over a year," Mr Ribeiro said.

Cica became a target for purchase soon after its main shareholders, the Bonfigliolo family, ran in-to difficulty with another family enterprise, Banco Auxilia. When the bank was declared insolvent in November 1985 and placed under Brazilian central bank control to liquidate its debts, it was not long before Cica sought protection from its creditors and suppliers by seeking court supervision in pre-bankruptcy

Ferruzzi, with \$5bn in worldwide annual sales, was in the process of redirecting its investments in Brazil out of cement and into busiesses more linked to agriculture

In March 1986, Ferruzzi sold Ciemento Santa Rita, one of the top 10 now under way. The closing date total investments of 530m.

cement companies in Brazil, to the for the purchase is March 31, when first ranking Votorantim Industri-as, part of one of Brazil's leading conglomerates. Although the price was not disclosed, Ciemento Santa Rita showed profits of \$7m on sales of \$53m in 1985, according to Mr

For Ferruzzi, despite Brazil's economic difficulties with a return to rampant inflation, severe supply problems and high interest rates, he country has the right characteristics to justify investment over the long term. "We look at the purchasing power of the middle class, the agricultural potential that is not dependent on imports and the popula-

For Ferruzzi, despite Brazil's economic difficulties the country has the right characteristics to justify long-term investment

tion growth." Mr Ribeiro said. With the purchase of Cica, "we are buy-ing the tradition of a good product, good market share and a highly competent technical staff capable of competing worldwide in the development of new products."

The group intends to use its marketing system to boost Cica's ex-ports, which are low at 3 per cent of sales. "Where we sell sugar, we can sell other products," says Mr Ribeiro, once Cica's fruit products are adjusted to European palates.

Target markets initially are the US and Eastern Europe. Sales to EEC countries are described as more complicated, but the potential

ject to adjustment pending an audit it is about to begin production after

ruzzi group needs almost no new money to complete the acquisition, shipped to Europe.

says Mr Ribeiro. shipped to Europe.

An attempt last year to expand

the group plans to inject \$10m to re- the purchase of Brazilinvest, a Bramove the company from court su- zil investment bank, under central

in the southern state of Rio Grande do Sul and another in the North Eastern Bahia state, are expected

This year, Cica's sales should total between \$220m and \$250m with lower exports at 2 per cent due to domestic demand increases and the need to import a basic ingredient, tomato paste. Mr Ribeiro is confident of the results even if the Bra-zilian economy heads into a slowdown: "People eat at home during a

Despite increased sales volume last year during the euphoris of a consumer spending boom, many of the company's products are still subject to government price control, squeezing profits. A closer analysis of production costs and margins is under way as the Ferruzzi management attempts to put the company back into the black.

Ferruzzi's other investments in Brazil include a leading concrete manufacturer, Concrebas, founded by the group in 1974, with 40 plants operating in the southern half of Brazil. The company's last pub-lished results showed net operating profits of about \$24.6m with a loss of \$315,000 for 1985.

An agro-industrial project, Agrocuaria Mogno, was started in 1974 in Mato Grosso, a central western state. With 2m coffee trees, 1m Ca-The locally disclosed purchase cau plants, 30,000 cattle and planprice for Cica of \$155m is still sub-tings of the tropical guarana berry,

the first of six payments, each in-creasing in value, is due. The Fer-zil's largest soya bean exporters in 1986 with 135,000 tons worth \$25m

Once the takeover is complete, into local financial circles through bank supervision for insolvency, Most of Cica's 5,000 employees was unsuccessful, apparently be-spread through five industrial complexes, three in Sao Paulo state one unable to reach agreement with the banks' international creditors. With the latest acquisition Brazil now ranks fourth in importance to

> "We are buying the tradition of a good product, good market share and a highly

the group after Italy, France and

competent technical staff capable of competing worldwide in the development of new products."

Mr Sergio Cragnotti, president of the Brazilian operations, lives in Milan and concurrently acts as vice-president of the group's inter-national agrobusiness holding com-

Consolidated sales for the group's businesses in Brazil are estimated at \$100m for 1986, with improved profits. Mr Ribeiro declined to release previous years' figures on the grounds that they were not comparable because the group had sold Cimento Santa Rita early last year.

The next move for Ferruzzi in Brazil is to conclude talks with the Brazilian Bonfiglioli Corporation on the sale of Cica Argentina - another important food processor - thereby raising its profile in yet another rich South American country.

NEW ISSUE

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February 1987



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CALLETTE Tolletries

Rainier Bancorp of Seattle courted by out-of-town bidders

BY RODERICK ORAM IN NEW YORK

sized Seattle bank holding company sets of \$9.2bn, said its board was with interests in the Pacific Rim, holding talks with both bidders and ceived two takeover proposals from their separate offers this week. large out-of-state competitors.

Analysts thought the unidentified

bidders were Security Pacific of Los Angeles and First Bank System of Minneapolis although both companies declined to comment. Rainier's shares jumped \$5% to \$47% in early over-the-counter trading, indicating that a bid would value the group at

revealed yesterday that it had re-expected to make a decision on

A law due to come into effect on July 1 will allow the takeover of Washington state banks by institutions from states which similarly allow interstate acquisitions. Security Pacific and First Bank

Systems already have toe-holds in Washington state where Rainier is more than \$1bn.

one of the few independent banks with a sizable market share.

red essential to the core

business of the company." Proceeds

Cominco's mining and metals

Rainier has been on the acquisi-

RAINIER Bancorporation, a mid- the 49th largest US bank with as- tion trail itself in its home state and in Oregon. Its Pacific region operations which include nine offices in Hong Kong, and others in China, South Korea, Taiwan, Tokyo and Singapore are one of Rainier's at-

> Problems in mortgage banking and accelerating operating ex-penses flattened Rainier's profit growth last year. It turned in net profits of \$70m, or \$3.41 a share, up per cent from a year earlier. Es loan-loss reserve was 1.23 per cent of total loans against 1.22 per cent a year earlier. Total assets grew to \$9.2hn from \$8.35bn.

Cominco slips further into loss after charge

BY BERNARD SIMON IN TORONTO

COMINCO, the Vancouver mining November from Canadian Pacific to and fertiliser group's new owners, have continued their spring clean-ing by providing C\$157m (US\$118m) train's MIM Holdings and Teck for expected losses on the disposal of non-core businesses.

have wasted no time in putting their own stamp on the company, replacing several senior managers The extraordinary writedown pushed Cominco to a net 1986 loss of C\$151.6m, equal to C\$2.53 a share, compared with the previous year's loss of C\$98.1m, or C\$1.72.

The new board approved a restructuring plan last week involving The charge was offset by gains from the sale last year of Cominco's interests in a gold mine and a coal the sale of unspecified assets "not producer. The loss before extraordiwill be used to reduce debt. nary items was C\$48.2m, or 95 cents a share, down from C371.5m, or C\$1.31, the previous year. Sales fell from C\$1.45bn to C\$1.33bn. business moved from an operating

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as a guest of the

loss of C\$22.5m in 1985 to a profit of Control of Cominco shifted last

Insurance chief to give up post By Our Financial Staff

MR JOHN BOGARDUS is to give up this May his post as chief executive officer of New York-based Alex-

ander & Alexander Services, the world's second biggest international insurance broking group.

Mr Bogardus, who is 59, said he would continue to serve as the group's chairman until his retirement in May. 1988. A former US Navy officer, Mr Bo-

gardus spent his whole career in in-surance with A&A. In 1982, he presided over its ill-fated purchase of Alexander Howden, the London insurance broking and underwriting

A&A later uncovered a series of massive financial irregularities within the Howden group.

NOTICE OF REDEMPTION AND PREPAYMENT

Take the bull by the horns...

The new year has begun with a bang. The Dow attained a benchmark 2000 on January 8th and continues its trend-setting pace; reaching 2191 a mere month later.

We think this bull market will continue in the months to come and our new "Action Alert" sets out our strategy for making the most of the early season's opportunities.

Compiled by Prudential-Bache research analysts, our new "Action Alert" presents an overview of the 1987 equity market and lists twelve stocks that offer real growth potential. We think the way is clear for investors to isolate selected issues that should outperform the market. Secondary stocks, high unit growth and domestic U.S. companies are likely to do well and we see our selections offering superior earnings growth potential for the future.

As an international financial services organisation with global trading and research facilities, we have the resources to put current market trends into perspective. (And of course to advise you on all markets - not just the U.S.)

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What's more, with offices in every major market, Shearson Lehman Brothers can match buyers' and sellers' needs around the world.

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To find out what our senior bankers can do for your next merger or acquisition, call Tom Hill or Steve Waters in New York, Michael Stallibrass in London, or Kiyonobu Shimazu in Tokyo.

You'll see why the same firm that's number one for the year continues to be the world's number one choice in M&A for the decade.

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Consob poised to reform bourse

CONSOB, the Italian stock. The background to the ment of share transactions banks have signalled their market regulatory authority, present conflict between banks would have to be eliminated willingness to introduce conwhich in the past has been and brokers is to be found in by legislation which gave accused of lethargy and indeci- the weakness of Consob's authority to Monte Titoli, the sion, appears to be about to present mandate. Regulation of electronic clearing system. launch a series of structural market activities, under law, reforms. The reforms are aimed at

modernising share trading and could lead to the creation of home-grown Italian securities houses, for the first time.

Consob's aims are to ensure smoother functioning of the market, elimination of parallel trading between the official and after-hours markets and, as a result, improve the quality of price competition. The idea is well away from the official to concentrate trading in the official market.

The Consob plan is likely to lead to the presentation this spring of a legislative proposal to parliament by Mr Franco Piga, the agency's chairman. It has been developed partly as a result of the current "war" for business between stockbrokers and banks.

and banks.

This month-long row, oddly enough, has given Consob its opportunity to move forward with proposals which are designed to reduce the price manipulation and insider trading which have long been a feature of the Milan bourse. feature of the Milan bourse.

By far the most significant lated by the big players.

In June 1985 (see table)

element of the Consob plan will be a compromise to be put to the warring brokers and banks which could lead to the creation of securities houses on the US or Japanese model. A consequence of the compromise could be the eventual demise of many of Milan's 120 registered stockbrokers as individual enti-

BY STEPHEN FIDLER

ings abroad, is refinancing a

\$1.8bn standby credit facility

\$1.2bn facility would be extended to 1995 from 1991.

tially reduced to four basis

points over London interbank

offered rates (Libor).

The margin would be substan-

SWEDEN, continuing efforts to drawn down, carried interest reduce the costs of its borrow-reduce the costs of its borrow-rates at margins over a variety of benchmarks related to Libor

and reducing its size by a third.

Chase Investment Bank
which had arranged the original deal signed in August
1985 with more than 50 banks, said the maturity of the new \$12bp facility management requirements."

The previous facility, itself a commitment fee of 6.25 per

brokers and the bourse itself. Whatever happens outside the official bourse is wholly legal and is beyond the regulatory

The result of this regulatory structure is that around 98 per into force this week. At present cent of bond trading and 52 per Monte Titoli handles only 10 per cent of share trading (at cent of outstanding transactions. present running officially at around L100bn a day) goes on

Foreign boycott

"We have two markets here in Italy—one which is real and one which is official," admits Mr Giuseppe Zadra, head of Consob's market division.

Trading on the Milan bourse is in the form of a call auction, is in the form of a call auction, with three simultaneous open calls of around 60 shares in each list. The "real" trading goes on by telephone among hig banks and companies in the afternoon (the bourse closes at 2 pm) and is based on the morning's "official" prices,

Consob first convened leaders of Italy's stockbroking and banking communities and told them that reform was needed in two areas. First, the struc-ture of share trading would have to be improved upon in order to reduce the manipula-tion of share prices. Second, the

and certificate of deposit rates.

Commitment fees for the

facility have also been reduced,

to four basis points for the

first four years and five basis

points for the remaining four

years. The earlier deal carried

Sweden reduces \$1.8bn standby credit

In the past year many foreign investors have boycotted the Milan bourse because of settlement delays, which have some-times lasted for mouths. In June, 1986, however, parliament finally approved the Monte Titoli legislation, and it comes As for price manipulation

and trading away from the official bourse. Milan's 120 registered stockbrokers have shown little inclination to alter their comfortable lives until very recently. Most brokers simply execute orders for big banks and collect hefty com-

The gauntlet was thrown down, however, on January 29 when the Banca Nazionale del Lavoro (BNL), Italy's biggest bank, began round-the-clock share trading, using Reuters terminals and thus becoming the first electronic trading system in Italy.

banks such as BNL could make The creation of more their own market then the securities houses could bourse could be bypassed and commission income imperilled. The brokers first tried to lengthen their auction to last merchant banks is expected to all day, to compete with afterhours trading. But Consob blocked this move, concerned at Consob has merely expressed its the chaos it could cause in the

If 25 to 50 per cent of the facility is utilised, a fee of 2.5

basis points is payable, the fee for 50 to 75 per cent is five basis points, and for over

STANDARD & POOR'S, the US

credit rating agency, has re-affirmed the triple-A rating of the City of Stockholm despite

the city's recent loss of an esti-mated SKr 470m in the options

and futures market, writes Alexander Nicoll, Euromarkets

The losses resulted from trading in the City's treasury by an individual who ignored

75 per cent 10 basis points.

back rooms

tinuous electronic trading. On Tuesday and Wednesday last week the Consob convened first brokers and then bankers.

Last Friday it presented a lengthy document which contains several key reform proposals. The Consob action, certainly the firmest seen to date by Italy's nearest equivalent to the US Securities and Exchange Commission, freezes all initia-tives by banks and brokers, thus imposing a truce. Consobhas furthermore said that an agreement between banks and

brokers must be reached by

March 15. and will hear sug-

gestions from both sides. Wants compromise

Most important, Consob has already outlined the com-promise it wants, namely a full open to brokers, new groupings of brokerage firms and new brokerage house subsidiaries of banks, to be authorised by legislation.

ystem in Italy.

Would see the smaller brokers,
Milan stockbrokers reacted whose existence is threatened. with fear and anger. They taken on as senior executives of could see immediately that if the new securities houses.

goals. It remains to be seen whether the stockmarket Meanwhile other big Italian authority can achieve them.

S & P said, however, that steps

had been taken to prevent

violations of the guidelines in

future. The City expected to

fund the losses through sales

of its equity holdings and

unbudgeted savings, although

increased borrowings were also

S & P said that although the

losses will adversely affect the

City's budget and debt level,

its strong financial position

would not be seriously impaired.

Borrowings had been restrained,

and debt as a proportion of the

possible.

cash management guidelines, tax base had fallen since 1982.

Foreign investors put pressure on **India** fund

By John Elliott in New Delhi

THE FIRST group of foreign financial institutions allowed to invest in India's stock markets has asked the Unit Trust of India to speed up its placement of their £75m prove its international image. The institutions, which include Fidelity International of Hong Kong, Templeton Investment of the US, and Rowe Price-Fleming and Ensign Trust of the UK, have invested up to 27m spiece in the new fund.

Launched for the Indian Government last year by Merrill Lynch to bring foreign investors into Indian stock markets, the fund is managed by the government-owned Unit Trust of India (UII).

About two-thirds of the £75m has been subscribed by approximately 40 foreign financial institutions, mostly in lots of £500,000 to £1m. The rest has come from private investors, including Indians living overseas.

The fund was sanctioned by India's Finance Ministry at the end of 1985 as a first tentative step towards open-ing up India's stock markets, which have been closed to foreigners since the country became independent 40 years ago. It is being watched by infernational banks which want to be involved in further funds expected to be authorised in the future.

Given the historic nature Given the historic nature of the venture, which started business two mouths ago, the institutions involved are broadly satisfied. However, the fund has been hit by sharp falls in the value of the rupee against sterling and by what they censider inadequate publicity in London, where it is publicly musted.

It has also been affected by concern about recent ten-sien on the Inde-Pakistan border, which has now eased, and by general uncertainty as Indian stock markets await India's annual Budget speech, to be delivered by Mr Rajiv Gandhi, prime minister, next Saturday.

These factors have helped to bring the value of £1 units of the fund on the London Stock Exchange down to 98p, and have also slowed the pace at which the £75m is being invested in the Indian stock markets.
At the first meeting of the

fund's advisory board in New Deihi at the end of last week, representatives of the foreign institutions asked for more traditionally the UTI, which is india's only unit trust, adopts a more cautious investment policy on behalf of its 2m small unit helders than the

foreign institutions require.

Mr Michael von Clemm,
chairman of Merrill Lynch
Capital Markets, described
the 2p discount as "minuscule and a matter of great irrelevance to our investors," even though some institutions believe it could harm the image of both the fund and the UTL The fund had had a "decent start with no un-pleasant surprises."

Liechtenstein bank bearer certificates sold

By Our Euromarkets Staff THE PRINCE of Liechten-stein Foundation is selling 60,000 bearer participation certificates (BPCs) of the Bank of Liechtenstein, which thas acquired as a result of its latest rights issue, through an international syndicate led by Swiss Bank syndicate led by Swiss Bank Corporation International.
Additionally, Swiss Bank Corporation is arranging an offering of 50,000 BPCs in Switzerland, and the combined value of the two tranches represents 18.5 per cent of the enlarged participation capital and 4.2 per cent of the combined increased participation and share capital.

share capital.

The pricing will be fixed on February 26 at a small discount to the closing price of the BPCs on the Zurich pre-bourse. Yesterday the BPCs traded at SFr 1,840

the international tranche, and the fees total 3; per cent

HK railway gains high debt ratings

By Our Financial Staff HONG KONG'S Mass Transit Railway (MTR), the state transport utility, has received ratings of A-1 from Standard and Poor's and P-1 from Moody's for its commercial

paper.
Mr Wilfrid Newton, MTR chairman, said: "This is the first time a Hong Kong entity's debt is being rated by any agency." The ratings apply to its US\$100m Euro-commercial paper facility and a HK\$2.1bn domestic paper

Dull trading after doubts over G7 meeting's effects

day to the outcome of the six-year maturity, 5 per cent weekend meeting of finance coupon and 102; issue price. It

yen bonds, on the other hand, finned slightly on the basis of cent coupon it gave an initial margin over US Treasury continued strong demand from

Nomura International led a

lebut Y60bn five-year issue for Geout Yellon inversear issue for Tokyo Electric Power. Euroyen bonds for Japanese companies have so far been rare, and the lead-manager said the borrower had been able to achieve a cost saving of more than 50 basis points compared with an issue in the domestic bond market.

The issue amuseled to The issue appealed to Japanese and European investors alike because of its size and the quality of its name. The 4f per cent bond, with an issue price.

price of 101; was bid at about the 15-year bond, priced at point inside its 1; per cent par, carried an indicated 6 per

IBJ International led a Y13bn bond for Osterreichische Kontrollbank. The issue was ex-

THE EURODOLLAR bond market reacted sceptically yester-day to the outcome of the six-year maturity, 5 per cent

weekend meeting of finance ministers in Paris. Bond dealers were looking for a test of the authorities' resolve to stabilise exchange rates at around current levels, and this was not provided by yesterday's foreign exchange market.

Prices of Eurodollar fixed rate market: a \$125m five-year bond for the French state agency Cepme led by Banque Nationale de Paris. In yesterday's listless market, this failed to excite dealers although they thought its around current levels, and this was not provided by yesterday's foreign exchange market.

Prices of Eurodollar fixed rate bonds ended mostly unchanged or about † percentage point easier in lack redding. Prices of Euro-

INTERNATIONAL

bonds of 53 basis points. It was quoted at a bld price of 99.35, compared with 12 per cent

warburg Securities led a \$50m convertible issue for Cellular Communications, the Ohio-based mobile telephone company. The deal was in fair demand yesterday, quoted a bid price of 101, against a par issue

par, carried an indicated 6 per cent coupon. The conversion premium will be set at between 18 per cent and 22 per cent over the share price when final pected to appeal to European terms are set on or before The deal, priced investors, although the market's February 27. There is a call bid at discounts

option at 106, and then at declining premiums, and investors will be able to put the bonds in the sixth or the seventh year at a price to give a 74 per cent yield.

Warburg Securities also announced a A\$40m five-year bond for Genossenschaftliche Zentralbank. The 15 per cent bond was priced at 1013. Inits was quoted at 994 bid, within 2 per cent fees.

was quoted at 99‡ bid, within 2 per cent fees.

Union Bank of Switzerland (Securities) led a novel deal named Receipts for Government of Canada Bonds (RGCB). The C\$100m issue, which matures in May 199‡, is created by passing through the interest and principal on the underlying Canadian Government issues. In the Euro-DM bond market, prices dropped by up to ½ point prices dropped by up to a point

on average.

A DM 2bn 10-year 61 per cent bond for the Federal Post Office, priced at par, traded at about 99 offered.

Deutsche Bank led a DM

300m 5} per cent bond for itself, issued in the name of Deutsche Bank Finance. The six-year deal, priced at 100%, traded at around less 1# bid. Dresdner Bank led a DM 200m seven-year 6# per cent issue for the National Bank of Hungary, its third international bond in recent weeks. The deal, priced at 100%, was

Tokyo utilities tap Euroyen market

the Euroyen bond market. yen issue in March. the ext Tokyo Electric Power, which If other power companies fol-market.

ONEROUS ISSUING requirements and time-consuming procedures in the domestic straight
corporate bond market have
driven two Japanese power companies to raise funds through
panies to raise funds through
the European hond market

claims to be the world's higgest
utility, yesterday
launched a Y60bn bond. This is
the largest Europen issue for
a Japanese borrower so far.
Chugoku Electric Power is expensive funds through
the European hond market

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FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on February 22

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Straight Bunds: The yield is the yield to redemption of the the amount issued is in millions of currency outs except for where it is in billions. Change on week—Change over price earlier.

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12th December, 1986

INTL. COMPANIES and FINANCE

Strong British profits help **boost News Corporation**

STRONGER BRITISH earnings, income investment income 1985-86.

Operations in Britain showed a rise in trading profit from the contributions from US film and television interests have combined to push turnover and profits to record levels at News Corporation, the Australian multinational media group controlled by Mr Rupert Murdoch.

Stidiaries in the first half of revenues.

Operations in Britain showed a rise in trading profit from the Mapping to A\$132.5m, thanks to average of reduced advertising revenues.

Regarding the current take over of Herald and Weekly times, the Melbourne-based media group, News Corporation said it had received acceptances for 99.6 per cent of shares and would complete the takeover with a compulsory terday that this month's settle-

Murdoch.

Figures for the six months to December showed an 83.2 per cent rise in pre-tax operating profits to A\$301m (US\$200.1m). Turnover was 55.5 per cent higher at A\$2.63bn.

Net profits were up 39.6 per cent to A\$182.8m. After extraordinary items the figure was A\$190m.

A breakdown of trading profits showed US operations improving from A\$99m to A\$233m with the inclusion of results from Twentieth Century Fox film and Fox television stations. Neither were sub-

Smorgon plans two can plants

BY OUR SYDNEY CORRESPONDENT

SMORGON Consolidated Industries, the Australian family-owned steel and packaging group, yesterday announced an Mr David Smorgon, a director production is expected to be sanction Consolitated Indus-tries, the Australian family-owned steel and packaging group, yesterday announced an A\$80m (US\$53.2m) investment in two plants to manufacture new lightweight steel cans with material from Broken Hill Proprietary (BHP), the country's

Early 16 and the company of the comp

market

| Care |

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ROT-VINTENTATATATATATATATA

principal steel producer. The move, a bid to break into a A\$300m local market dominated by aluminium products, is

The two plants will each cost, packaging interests in glass, the result of technological A\$40m and employ about 100 paper, plastics and other developments by BHP in steel-

of the company, said the new two-piece steel can would mean significant cost benefits to beverage manufacturers. It also

offered a chance for steel cans to gain a share of the 2.3bn-unit local market and an opportunity to develop export.

under way by next year.

BHP has already signed licensing agreements with interits technology, and is currently negotiating others.

For Smorgons, the deal represents an extension of its

Palabora ahead at pre-tax level

By Our Johannesburg Correspondent HIGHER rand-denominated copper prices offset a fall in volume sales last year by Pala-bora, South Africa's principal

copper mining company.
Sales of copper dropped to
115,696 tonnes from 118,628 tonnes. Turnover was not dis-closed, but pre-tax profits rose to R233.7m (\$112.3m) from

Palabora, which is managed by Rio Tinto-Zinc, operates an open-pit mine in the northern Transvaal and produces magnetite, vermiculite and precious metals in addition to copper.

Open-pit operations are planned to continue beyond the mid1990s and be replaced by under-1990s and be replaced by 1990s and be replaced by 1990s and be replaced by 1990s and 1

ings of 359 cents. In 1985 earnings were 304 cents and the total dividend 180 cents.

Japan's top steelmakers to reduce dividends

BY YOKO SHIBATA IN TOKYO

JAPAN's five leading steel-makers intend to clip their an-nual dividends by Y2 for the year to March, to pay Y3 per thought unlikely to swing back

share each to the As a result of the year's steep year, appreciation and the consequent deflationary squeeze on the dom-estic economy, the five are ex-pected to show combined oper-ating losses of Y400bn (\$2.6bn) for the year, including Y120bn for Nippon Steel.
They will fund the dividend

payments by selling securities and dipping into internal re-

to the black for the next fiscal

By unloading a large volume of portfolio securities, the companies hope to confine pretax losses to Y12bn for Nippon Steel, Yl0bn for Kawasaki Steel, Y5.5bn at Nippon Kokan, Y15bn by Sumitomo Metal In-dustries and Y10bn for Kobe

Earnings setback for Renown

RENOWN, the targest manufacturing company in Japan's garment industry, suffered a 26.4 per cent fall in pre-tax profits last year to Y8.810 (\$57.36m), writes our Takyon staff

Renown attributed the poor down 3 per cent. Renown will performance primarily to a 10 pay an unchanged annual diviper cent fall in sales made dend of Y12.50.

RENFE

Red Nacional de los **Ferrocarriles Españoles**

US\$100,000,000 Guaranteed Floating Rate Notes Due 1991 Irrevocably and unconditionally guaranteed by

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NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, Red Nacional de los Ferrocardes Esperioles (the "issuer") has elected to redeem on March 30, 1987 (the "Redemption Date") all of its outstanding Guaranteed Floating Rate Notes Due 1991 (the "Notes") all of its par. On and siter the Redemption Date, interest on the Notes will coase to accrue and unmatured Coupons will become void. The Notes should be presented and surrandered to the Paying Agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to the said date.

Red Nacional de los Ferrocarriles Españoles

February 24, 1987, London
By Cribank, N.A. (CSSI Dept.), Fiscal Agent

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IDB INTERNATIONAL N.V.

U.S.\$30,000,000

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The relevant interest Payment Date will be
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Due 1994

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with a coupon amount of U.S.\$170.90. The relevant

Bankers Trust

Company, London

Bankers Trust

Guaranteed Floating Rate Notes 1990 conditionally and irrevocably guaranteed as to payment of principal and interest by

Turnover of Y214.5bn

Foreigners in rush for MISC shares

By Wong Sulong in Kuzla Lumpur MALAYSIAN International Shipping Corporation (MISC) was given an

(MISC) was given an enthusiastic reception when it made its debut on the Kuala Lumpur Stock Exchange yesterday as foreign investors mopped up the shares. Compared with its offer price of 2.4 ringgit, giving a market capitalisation of 2.5bn ringgit (5982m). This makes it the biggest Malaysian listed company after Sime Darby.

Some 15.89m Shares were transacted, and stockbrokers said foreign buyers were

said foreign buyers were active, after being excluded from the flotation. Arab-Malaysian Merchant Bank, which handled the issue, said it had inquiries from foreign institutional investors willing to take up as much as 10 per cent of the equity.

 Promet, the troubled Malaysian-Singapore oil rig, engineering and construction group, is negotiating with its creditor banks on a rescheduling scheme which will allow a new lease of life. As a first step, the two parties agreed at the high court yesterday to dissolve an injunction stop-ping the 17 banks from winding up Promet and its sub-

First Pacific offer

for Philippine bank

FIRST PACIFIC Holdings, the Hong Kong financial group, is offering to arrange the takeover of Associated Bank of the Philippines in a deal worth US\$20m, Reuter reports from Hong Kong.
Mr Manuel Pangilinan tor, said it has contacted the Philippine central bank and Development Bank of the Philippines, which owns 97 per cent of Associated Bank, on a plan to acquire a 40 per cent cake and to line and

cent stake and to line up a group of Philippines investors to buy the remainder. First Pacific would acquire Philippines national debt and convert it into equity in Asso-ciated Bank, under a govern-

mental programme. First Pacific reported a 41.5 per cent rise in net profits for 1986 to HK\$95.2m (US\$12.2m).

Rights issue from Equiticorp HK unit

CAPITALCORP International, a Hong Kong offshoot of the New Zerland-based Equiticorp Holdings, is to launch a one-for-two rights issue to raise some HK\$401m (US\$514m), Reuter reports from Hong

for its entitlement, at HK\$2 a share, and will underwrite for the balance.

ERA advances 30% in first half

ENERGY RESOURCES of Australia (ERA), the uranium producer, boosted net profits 30.5 per cent in the first half to December to reach A\$33.31m (US\$22.14m), our Financial Staff writes.

Turnover ahead 26.1 per cent to A\$141.15m reflected a 25.8 per cent increase in uranium at 5 cents per share.

U.S. \$250,000,000

Régie des installations olympiques Floating Rate Notes Due November 1994



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Interest Rate Interest Period

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Interest Amount per U.S. \$50,000 Note due 26th May 1987

U.S. \$830.56 Credit Suisse First Boston Limited Agent Bank

U.S. \$300,000,000

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Floating Rate Subordinated

Capital Debentures Due 2085 65/8% per annum

23rd February 1987

interest Period

24th August 1987

and the second s

Interest Amount due 24th August 1987

per U.S. \$ 10,000 Debenture per U.S. \$100,000 Debenture U.S. \$3,349.30

Credit Suisse First Boston Limited Agent Bank

This advertisement complies with the requirements of the Council of The Stock Exchange



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24th February, 1987

Jacobs Suchard Ltd

through its wholly owned subsidiary

Jacobs Suchard Brach Incorporated

has acquired

E.J. Brach Corporation

a wholly owned subsidiary of

American Home Products Corporation

> The undersigned acted as financial advisor to Jacobs Suchard Ltd in this transaction.

Kidder, Peabody & Co.

RICHARDS BUTLER

Aviation Department

Richards Butler is pleased to announce the expansion of its Aviation Department. On February 1, 1987, the 5 members of the Knapp-Fishers Aviation Department joined Richards Butler. The enlarged Department at Richards Butler consists of 4 Partners, a Consultant and 6 Assistants in the City of London office and 2 Partners and 2 Assistants in the Hong Kong office. The Department is experienced in handling aviation finance, leasing and acquisition, route licensing, insurance and other operational matters.

61 St. Mary Axe, London EC3A 8AA Telephone No: 01-621 1144 Telex: 949494 RBLAW G Fax: 01-929 1132

U.S. \$150,000,000

Chemical **New York Corporation**

Floating Rate Subordinated Notes Due 1996

Interest Accrual Period

28th November 1986 23rd February 1987

(inclusive)

Interest Amount per

U.S. \$10,000 Note due U.S. \$152.64 6th March 1987

Credit Suisse First Boston Limited

Company, London

Agent Bank

Agent Bank

Cambrian

investment

Cambrian & General Securities, the investment trust that was set up as an arbitrage vehicle by Mr Ivan

Boesky, the disgraced New York financier, has written off

as a loss its entire \$20m investment in the principal Boesky investment partner-

The largest investor in the partnership, with a \$100m (£65m) stake, was Guinness the drinks company, which has become the subject of a Government investigation partly as a result of its involvement with Mr Boesky last spring.

under the former chairman and chief executive, Mr Ernest Saunders, previously

Ernest Saunders, previously claimed that it expected to recoup all its original stake. But Mr David Hobson, who took over from Mr Boesky as Cambrian chairman in December, said yesterday that its auditors, Peat Marwick Mitchell, suggested that Cambrian's investment be treated as worthless for accounting purposes because of the partnership's legal and other problems.

However, Cambrian, whose

However, Cambrian, whose accounts for the year to September 30 were published yesterday, has decided not to make any provisions for litigation against the company, arising from the insider dealing charges being brought against Mr Boesky.

In a letter to shareholders, Mr Hobson says that the claims for damages against Boesky companies may lead to protracted litigation but will not necessarily be successful. In any case, such claims may be met out of a \$50m funds set up by the US Securities and Exchange Commission from money paid

Commission from money paid

to it by Mr Boesky.
In the year to September,

in the year to septemoer, Cambrian's reported net asset value rose from £81.6m to £105.9m. The NAV per capital share rose from 160p to 238p. In the last quarter of 1986, the NAV rose to £110.7m after borrowings were reduced from £215m in September to £50m by the

in \$20m

write off

By Clive Wolman

Lithographic side behind profits surge at Vickers

Vickers, which derives most and in view of the continuing £8.5m, which left shareholders of its income from Rolls-Royce improvement in the results profits £11.1m behind at £81.1m, motor-cars and lithographic shareholders are to receive a 2p. The directors said that plates and supplies, continued to progress through the second six months of 1986 and for the full year raised its profits by 20 per cent to £54m pre-tax.

The only proble marea was marine engineering, where profits fel lby £3m. However, the directors, headed by new chair-man Sir David Plastow, said yesterday that the division should improve its position in the current year following the acquisition of KaMeWa in 1986.

They said the outstanding achievement of the year was in lithographic plates and supplies where turnover improved by 14 per cent and profits by 59 per

The Rolls-Royce operation in-creased its profits contribution by 7 per cent, also to £17.5m. However, there was considerable production change during the year with the introduction

In all, group sales for 1986 pushed ahead from £611.2m to

life in their dividend to 15p net via a final of 9p.

The directors are proposing to split the shares into 50p units and planning a scrip issue

A divisional breakdown of fits for the past year shows:
Rolls-Royce Motors £175.1m
(£175.8m) and £17.5m (£16.4m),
lithographic plates and supplies
£185.4m (£118.2m) and £17.5m (£11m), business furniture £106.2m (£84.7m) and £6.4m business furniture

deliveries on the second con-tract for Nigerian tanks and, with the addition of the former Royal Ordnance tank facility at Leeds, Vickers was now the only tank manufacturer in the UK. turnover and pre-interest pro- with good prospects for future years, and an exceptionally wide range of armoured fighting

vehicles.

The medical and scientific equipment division had a steady year, limited in the latter sector by the depressed semi-conductor industry. Here again the acqui-sition in October of Air-Shields, ## 106.2m (£84.7m) and £6.4m by the depressed semi-conductor (£6m), marine engineering £87.6m (£70.6m) and £1.3m (£4.3m), defence and aerospace £82.8m (£69.5m) and £9.2m (£6m), medical and scientific equpiment £49.6m (£34.4m) and £4.7m (£4m) and other activities £49.6m (£36.5m) and £3.1m (£1.5m).

Net interest payable, less investment income, accounted for £5.9m, down from last time's £6.7m.

Tax rose by £3.3m to £14.7m and there were minorities this time of £0.3m.

There was also an extraordi-

time of £0.3m.

There was also an extraordiday Vickers' shares were shownigher at 40.7p per £1 share time of £0.3m.

There was also an extraordiday Vickers' shares were showning a 2p plus at 507p.

See Lex

All-round progress at DPCE

DPCE Holdings, the indepen- 5p share ahead from an is for the dent computer maintenance adjusted 3.3p to 5.4p, the net merger. group, continued to make good interim dividend is in effect. group, continued to make good progress in the first half of the current year, with pre-tax profits up 36 per cent from 21.88m to £2.55m.

Interim dividend is in effect raised from 0.48p to 0.58p—last year's final was 1.32p.

Commenting on the current trading position, the chairman

10r the Six months to December
31, 1986 increased 53 per cent
to £2.29m. Revenue was up
52 per cent at £18.53m
(£12.16m). These figures included the full half year results
of System for the IIS mainof Systec Inc. the US maintenance company acquired last December. Comparatives have

£268,000, reflecting considerable expenditure made to provide for future growth. This includes the cost of establishing new subsidiaries in Germany, France and Canada, plus acquisition in Europe and the

Mr Colin Clive, the chairman, said all group subsidiaries had expanded and profitability had improved in all companies over the period, with the second the period, with the second and minorities, the attributable surplus came out at £1.48m

profits up 36 per cent from £1.88m to £2.55m.

At the operating level, profits for the six months to December of the six months to December of the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position, the chairman caid "the fruits of DPCE's considerable investment in expansion of the current trading position of the current tra

The first few weeks of 1987 have seen further acquisitions. In the UK, DPCE acquired a 50 per cent holding in CIL Net interest receivable for Engineering, a company special-the period fell from £389,000 to the period fell from £389,000 to pendent maintenance and engineering services for users of Borroughs (Unisys) computer

chased the eastern seabord maintenance customer base of Global Ultimac Systems, a com-

T & N in talks over SA offshoot

Turner & Newall, the mining and engineering group, is in discussion with the Swiss group Eternit over the future of the building materials operations of Turner & Newall Holdings, its South African subsidiary.

Mr Colin Hope, managing director of T&N, said its 51 per cent-owned Turner & Newall Holdings, and Everite, 36 per cent owned Turner & Newall Holdings, and Everite, 36 per cent owned by Eternit, were the two largest fibre cement building products companies in South Africa.

He said some rationalisation between them would make sense, but emphasized that any deal would not result in a change in control of either combuliding materials operations of the building in control of either combustions activities with those of Cle Financiere Eternit SA of Belgium and sold its 60 per cent March 17.

In April 1986 T & N reduced sits interests in its South African engineering company which T & N acquired after a fierce bid battle last year, has a further move by T & N to reduce its investment in its asbestos related diseases.

Last year it merged its UK fibre cement building in Turner Eternit SA of Belgium and sold its 60 per cent holding in Turner Building in Turner Building in Turner Building in Turner South African engineering company which T & N acquired after a fierce bid battle last year, has a fierce bid battle last year.

11

pany supplying and supporting stated to £4.2m, DPCE should IBM-compatible processors and peripherals. that 40 per cent target. With

comment

DPCE's 38 per cent pre-tax profit increase uncharacteristically fell short of the 40 per cent the City has come to expect, but the setback—in any case a small one—looks no more than the company of the first half the company of the first half the company of the case a small one—looks no more than temporary. The first half saw DPCE dipping heavily into its cash pile, not just to find \$500,000 for its Belgian acquisition but also to clear out £1m of loans which came with Systec. Further, the UK maintenance operation, which a year ago was going through a management upheaval, sharply accelerated its order intake with consequent up-front costs. The second half should bring the benefits of these investments and enable the group to ments and enable the group to produce at least £6m on a merger accounting basis, so although the last full year's pretax figure of £3.95m will be re-

September to £50m by the year end. The trust is now following a more conventional investment policy. The 1985-86 accounts also show that the investment management fee and other expenses that were paid by the company to Mr Boesky were £2.01m, up from £1.45m in 1984-85. the shares off 3p at 340p, the prospective p/e looks slightly hair-raising at 26, but the marthe period, with the second quarter showing an advance in net margins over the first quarter.

With first-half earnnigs per summer and minorities, the authorities, the authorities prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective p/e looks slightly hair-raising at 26, but the market prospective prospective

Net asset value per 25p share of the River & Mercantile Trust improved from 177.9p to 212p during the 12 months to December 1986. Net revenue for the period rose by £338,000 to £3.03m after tax of £1.33m against

Earnings per share amounted to 6.21p (5.51p) and a final dividend of 4.2p lifts the total by 0.7p to 6.2p net. Projections showed that the campany would be in a position to recommend at least 7p for recommend at least 7p for

In the current climate it continued to favour UK and

Mike Smith on Hepworth Ceramic's approach to Birmid

Facing up to a spot of bovver

BIRMID QUALCAST, the engineering company which used to sell its lawnmowers by telking TV viewers "it's less bovver than a hovver," is today faced with a spot of aggravation

The Qualcast lawnmowers to Potterton boilers group has for years been considered a likely target for a takeover attempt. This weekend the speculation seemed justified when Hep-worth Ceramic Holdings, the building products group, an-nounced it was seeking a

Birmid responded quickly: it said it did not welcome Hepworth's recent purchase of a 4.9 per cent stake in its equity, it saw no synergy between the two groups and it would strongly resist any takeover

sttempt.
Senior management of the companies are meeting tomorrow but stockbrokers' analysts who follow Birmid believe Hepworth will have to launch a hostile takeover bid if it is to will account.

win control.

It is also likely that other companies are taking a long, hard look at Birmid's strengths

and weaknesses.

Among the groups rumoured to have been interested in Birmid in the past are Metal Box and Williams Holdings. Mr Robert Maxwell, publisher of Misror Group Novembers also Mirror Group Newspapers, also has well known ambitions in the

engineering sector.

The recent histories of Birmid and Hepworth show considerable similarities. Both have installed new men at the top during the last year or so, ture.

both suffered in the mid-1980s because of declining markets—
in Birmid's case for its iron pipes, glassmaking for sands and iron and steelmaking for and iron and steelmaking for sands and iron and steelmaking for sands. foundry products and in and iron and steelmaking for Hepworth's for its building refractories—are either declinationalised as a result; and both are now increasing pre-tax profits by about 30 per cent at around £34m.

Figures due to be appropried

attempt to take over Steetley, in recent years is beginning to the construction group, was pay off. Analysts are expecting blocked by the Monopolies Commission almost exactly three with more than £51m in view years ago today.



The chances were increased by the appointment in the middle of last year of an ambi-tious management team in the shape of Professor Roland Smith, chairman, Mr Sinclair Thomson, chief executive, and Mr Alan Emson as finance

The main business of Sheffield-based Hepworth is manufacturing vitreous clap pipes for sewer and drainage systems but it also supplies industrial sands. manufactures refractory bricks for blast furnace linings and extrudes plastics into pipes, guttering and bathroom furni-

35 Pre-tax Profits/

Figures due to be announced Hepworth has constantly next month for 1986 will show been expected to launch a big that the labour shedding and takeover bid ever since it investment in new technology

Professor Roland Smith, chairman of Hepworth

Impressive though that may be it is unlikely to satisfy the ambitions of Professor Smith and Mr Thomson. For more dynamic growth they will have to look outside the company,

Mr Thomson will be attracted to Birmid by its strengths in consumer products. Before moving to Hepworth he ran TI's successful domestic appliance

He sees Birmid and Hepworth as an excellent fit. Nobody at Hepworth was available for comment on the proposed merger last night but analysts say the company sees synergy in a building products group which would take in both group's sanitary wares divisions, the Potterton boilers and clay pipes.

There would also be advan-tages in combining Hepworth's sand businesses with Birmid's foundries in one division. It is in foundries that Birmid has its roots. It is largely for this reason that last year's pretax profits of £13.1m were little better than those of 10 years ago. Then, foundries accounted for about £8.1m of the group's £13m operating profits but last year they contributed just £3.2m to a total £14.3m.

the same as that for the foundry industry as a whole: declining demand from the car manufac-turers. Prior to its recent recovery Birstid was a classic case of a Midlands company growing and declining with the

motor industry.

Its salvation has been lawnmowers and boilers. In 1986,
the heating division and the
home and garden equipment each contributed about £6.3m to the group's operating profits.

The company is bullish about future prospects. Following heavy rationalisation of its foundries it believes the division, which exports about 20 per cent of its output, is well placed to take advantage of

per cent of his backet, as wall placed to take advantage of weakness of sterling.

Both the heating division and the homes and gardens equipment division are expected to show considerable growth during the next few years and the recent disposal of £1,6m of pre-tax losses in the engineering division will also boost the company's performance.

For this year the City is expecting a pre-tax profit of about £16.5m with £19m in prospect for 1988.

At yesterday's closing share price 256p, up 44p, Birmid is capitalised at £173m. Hepworth, which is worth £336m at yesterday's 214p clearly has a job to convince Birmid's management—led by Mr Peter Prateley, managing director, and Mr Ronald MacPherson, chairman—of the value of a merger. It -of the value of a merger. It could also face problems per-

suading the City.

The feeling among analysts yesterday was that although it was easy to see how Hepworth could benefit from a union the advantages to Birmid were less

"There is obviously some common ground between the two groups but at first sight they do not represent a perfect fit," one analyst said yesterday. "For example Birmid's lawn-mowers would presumably be an add-on for Hepworth.
"The new management team
at Hepworth has done well but the Birmid team looks up to the job too. They seem to know what they are doing."

Debron shares

suspended on

bid approach

Shares in Debron Invest-

ments were suspended at the company's request yesterday, pending an announcement concerning a possible offer for the issued share capital.

The Worcester-based company, formerly known as Carpets International, said the hoard

may lead to a recommended

Rival plans emerge for EFT

RIVAL PLANS for the future of Edinburgh Financial Trust, the small Scottish investment trust where a consortium, headed by the New Zealand entrepreneur Mr Bruce Judge, holds a 21.3 per cent stake, emerged yesterday. At the same time the trust reported a fall in net assets from £12.5m to £10.7m in 1986.

Non-executive directors of the same trust reported a fall in net assets from £12.5m to £10.7m in 1986.

Non-executive directors of the same trust reported a fall in net asset value from £12.5m to £10.7m in 1986.

Non-executive directors of the same tast the bulk of its portfolio and concentrate on financial serplantial serp

Grossart, both previously directions of Noble Grossart, believe the company should give up its investment trust status, liquid-hold about 30 per cent.

Smith & Nephew Associated

Companies, the medical and health care company, is to sell

its wholly owned US subsidiary

Smith & Nephew Anchor Inc to

two employees in a \$55m man-

agement buyout.

Smith & Nephew in \$55m US disposal

Medical of the US last year.

Anchor is based in Columbia,

South Carolina, and produces

industrial pressure sensitive tapes. It was acquired by Smith & Nephew in 1979 for \$18m, the company's first major IIS investment

It was intended to help develop the manufacture of its hospital products, many of which involve adhesive tech-

Electronic Machine

Electronic Machine Company, Surrey-based optical systems, tracking radar and electronic

tracking radar and electronic devices concern, reported a pre-tax loss of £12,284 for the year ended September 30 1986, aaginst a £30,128 profit previously. The loss was after charging an exceptional provision of £32,707 for the write-down of stocks.

nown or stocks.
There is no dividend (0.7p net last year). Stated loss per 5p share was 0.48p (1.2p earnings).

Last month, trading in the

company's shares was resumed
— after being suspended at 85p
in November — when EMC
announced that discussions

which could have led to a major acquisition had been terminated.

The company said yesterday

that it was still exploring the possibilities for expanding the group by acquisition. EMC shares fell op to 55p at the

Turnover for the year under review was £2.16m (£1.93m).
Tax credit was £589 (£616 charge) and there was also an extraordinary credit of £21,183

Adelaide Steamship has re-

duced its holding in Blue Circle

Industries by a further 2.1 per cent to 6.85 per cent. The Australian investment company now has 8.825m Blue Circle shares, down from the late December peak of 11.5m.

Blue Circle

fig. 7m in 1986.

Non-executive directors of the trust, together with the two new board appointments, Mr Lord Tanlaw's 1965 Settlement, and Waverley Asset Management, and Waverley Asset Management as three-year-old Edin-

The final dividend is cut from 0.7p to 0.1p making a total of 0.6p (1p).

newly named Anchor Con-tinental.

It will retain 10 per cent of

Anchor's common stock which Anchor is required to repurchase for an additional con-aideration of up to \$5m on March 1, 1996.

Finance for the \$35m cash consideration will be provided

by a loan from Security Pacific

Corporation.

offer for the shares, Before it sold its main carpet business to the John Crowther Group in September 1985, the

company was one of Britain's largest carpet producers. Last November Debron acquired the US office fabric manufacturer. Guilford for \$95m (£66m) in cash.

Debron's main investment

oesides Guilford is Interface

Flooring Systems. The company returned a pre-tax profit of £950,000 from a turnover of £46.2m in 1985.

The group will use the initial nology. But Smith's next two \$35m cash consideration to reduce borrowings incurred with the \$284m purchase of Richards in 1985 meant the company no longer needed to manufacture traditional hospital products in

Smith will receive a \$5m 15 per cent promissory note, and \$10m of 9.3 per cent redeem-able preferred stock in the newly named Anchor Con-CAP in £1m bay

CAP, the information systems company, yesterday announced the acquisition of London Regional Transport's business services division for £1.13m.

The division, which employs 91 staff, is responsible for LRT's computer systems and software development. Under CAP it will continue its work for LRT on a contractual basis, but also offer services to other

public transport systems.

The acquisition is being paid for in cash in two instalments.

CAP already has experience in transport and distribution Corporation.

Smith produced profits up 22.5 per cent to £58.2m for the nine months to October 4 1986, with earnings per share up 18.8 per cent to 4.68p.

An extraordinary general meeting will be held on Wednesday, March 11 in London.

The acquisition is being paid for in cash in two instalments.

CAP already has experience in transport and distribution sectors including work for British Rail signalling. It is also involved in information processing, training and control systems for Dutch state rail-ways.

These securities having been sold, this announcement appears as a matter of record only.

28,400,000 Ordinary Shares

Price: \$25.50 (Canadian) per American Depositary Share

Wood Gundy Inc.

as part of a Worldwide Offering of 720.2 million Ordinary Shares managed by Hill Samuel & Co. Limited

February 1987

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I.G. INDEX FT for February 1,557-1,563 (-15) Tel: 01-828 5699

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UK COMPANY NEWS

Bunzl interest lifts Norcros share price

SHARES IN Norcros, the building products, print and packaging group, jumped 60p to 350p yesterday after it revealed that Bunzi—the highly-acquisitive paper and plastics menufacturer—had built up a 2.6 per cent stake in its equity.

The stake is held by a Bunzi subsidiary, Bunhill Investment, through 21 separate accounts. Norcros said it came to light after routine checks on a number of nominee holdings.

According to Norcros's chief executive, Mr Terry Simpson, there has so far been no contact over the matter—other than formalities—between the two companies.

Norcros, whose interests include ceramics, builders in the printing and packaging and in distribution fields.

Norcros, whose interests include ceramics, builders in the printing and in distribution fields.

Norcros, whose interests include ceramics, builders

tact over the matter—other than formalities—between the two companies.

However, Bunzl has said that it will not take any further action without informing the Norcros board first.

Commenting on the possible reaction to a hostile bid, Mr Simpson added: "We would not welcome a bid from anyone made £45.1m.

Norcros is valued at £438m.

Norcros, whose interests include ceramics, builders merchanting business UBM, printing and packaging and property investment, recently reported an increase in first half pre-tax profits from £18.5m to £20.1m—slightly below City hopes. In the last full year it made £45.1m.

Barbour Index comes to market with £17m value

BARBOUR INDEX, a publisher of specialist information to the construction industry, is coming to the stock market through a placing which will give it a market capitalisation of £17.5m. Laurence Prust, the stock-broker, is placing 900,000 shares just over 11 per cent of the equity — at 215p each. All the £1.94m proceeds will go to existing shareholders.

Barbour is headed by Mr.

Patrick Barbour, who is also chairman of Microgen, the quoted microfilm bureau.

The business was founded in the 1930s. Its main activity the 1930s. Its main activity ing. It is confident that the is supplying information about market for its services will building products to profes- continue to grow.

sionals in the construction industry such as architects and

The prospectus shows pre-tax profits rising from £305,000 in 1982 to £1.49m in the year to last October. The company has since changed its year end and it is coming to the market with a forecast of at least \$1.5m for the year to this April. The prospective p/e ratio is 17.5.

Barbour says the volume of information in its specialist areas is expanding and the de-mand for access to it is increas-

Black raises Newbold bid

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10.00

Peter Black Holdings, with directors, have given Keighley-based consumer goods irrevocable acceptances in manufacturer and importer, has respect of 35.6 per cent of raised the therms of its bid for Newbold's shares. Peter Black Newbold & Burton Holdings, footwear maker, and won a recommendation from the

Black is now offering nine shares for every 16 Newbold or 100p cash, compared with last week's one-for-two or 90p bid. With Black shares down 2p at 181p yesterday, the offer values each Newbold share at 102p, and the company at £4.3m.

Tamily shareholders, together shares an independent company within the group and to retain the existing management. It added that the Newbold range would fit well into Black's, giving the group a wide spread of footwear manufacturing.

Yesterday shares in Newbold added 9p to 100p, the value of the Black's cash alternative.

currently holds no shares.

Peter Black said yesterday that it planned to run Newbold as an independent company

Thermal Scientific purchase

Thermal Scientific is paying £450,000 in each and 88,106 £770,000 for Rosand Precision, Thermal ordinary shares, which designs and makes a valued at 227p each. In addi-

which designs and makes a valued at 2219 each. He atofrange of instruments for tion, two deferred payments from the payment first and second anniversaries of completion. These amounts of £650,000 to be satisfied as to cash resources.

DIVIDENDS ANNOUNCED

		Date	COTICE	TULRE	TOLOL	
	rrent		ponding	for	_ last	
		payment		year	. year	
DPCEint.	0.58	April	20 *0,48	_	*1.8	
Edinburgh Financial	0.1		0.7	0.6	10.	
Electronic Machine	<u>n</u> íl	-	0.7	nii	0.7	
FII Groupint	3†	May 8	2.25		6.75	
Fleming Enterprise int	3	March	133	_	9	
Globalint.	1,25‡	April :	16 1	_	2.75	
Vickers	9†	May 1	8	15	13	
Dividends shown pence	per s	hare ne	t except	where	otherwis	e
stated. Equivalent after	er allo	wing for	scrip iss	me. † (On capita	ĭ
increased by rights an	d/or	acouisitic	m issues	. ‡U	SM stock	<u>.</u>
§ Unquoted stock.						_

BOARD MEETINGS

A TWO-DAY SEMINAR BARBICAN CONFERENCE CENTRE 9/10 MARCH AND 13/14 APRIL

Designed specifically for all those involved in the securities and financial services industry.

Subjects covered include:

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Nomura to arrange Tokyo quote for Lonrho

By Stefan Wagstyl

Lourho, the international trading company, is planning to raise up to about 250m via a share issue on the Tokyo Stock Exchange. Stock Exchange.

The money would be used

to consolidate short-term
indebtedness" said the group
in a letter to shareholders
sent out with the 1986 annual

sent out with the 1986 annual report.

The company plans to issue up to 20m shares in Tokyo with the support of Nomura Securities, the Japanese investment house, which would sell the stock in Japan. Lonrho says the amount raised would depend on market conditions at the time of the issue, which has not been announced. At yesterday's

announced. At yesterday's colsing price of 2624 exdividend, the gress maximum value of the issue would be £52.5m.

Lourho is asking share-holders for permission to increase the company's authorised share capital at the annual meeting

According to the annual report the group's long-term and short-term borrowings increased to £796Am at the end of 1986 from £705Am a year earlier. Shareholders' funds, excluding minority interests, stood at £613.6m (£6427m)

The company's shares are

The company's shares are already listed in London and Johannesburg Lourho has commercial links with cross-shareholdings with Nissho-Iwai, a Japanese trading company,

Petranol poised for expansion

BY JANICE WARMAN

Petranel, the UK oil group with a production base in the US, said it was in negotiation os, said it was in negotiation for an assets-for-shares deal which would substantially increase its activities. The unamed suitor is thought to be Mr Hubert Perrado, a French multi-milionaire with substantial IIS oil assets

multi-milionaire with substantial US oil assets.

Dealings in the company's shares were suspended at the company's request after they rose 10p to 60p on Friday.

Dr Norman White, Petranol's chairman, said he could not deny the report that the company was in negotiations with Mr Perrodo.

"But neither can I confirm

"But neither can I confirm it at this stage," he said. "I hope to make an announcement early next week."
"We are in negotiations and have been for some time. It is an asset for shares deal which will mean a substantial increase of course to shareholders' approval."

He said the board had been delighted with the shareholders' response to the flm rights issue announced in January. "They announced in January. "They took up 91.4 per cent—which encourages us that we will get their support for our latest deal."

Petranol's bid in October 1986 to double its size through a fom rights issue and the acquisition of Apollo Energy, a private US oil group, was blocked by a small majority of shareholders.

These included Inoco, a fellow US oil company with a hold-ing of about 7 per cent, which unsuccessfully attempted a take-Inoco yesterday announced the resignation of its chairman, Mr Sankar Ramani. He was

abroad and unavailable fo reom-Mr Alan Milton, commercial director, said the company hoped to announce a successor

Stanley Leisure expands

the betting shop and casino group, yesterday added a further 22 betting shops to its portfolio making it the fifth biggest chain in the UK.

The exact price will depend on the valuation of current assets and liabilities. The company does not expect any

The company has acquired, additional for about £2m, the Viewstream group which operates in the Merseyside area and trades as Pre-tax

Stanley Leisure Organisation, ordinary shares which closed

company does not expect any additional costs to exceed

Pre-tax profits of Viewstream A. J. Scofield Racing, bringing and its subsidiaries were £99,930 its total number of shops to 155.

The purchase is being Net assets totalled £484,831 financed through the issue of including freehold property £400,000 in unlisted loan notes, valued at £118,250. Turnover £715,000 cash and 300,000 was £7.8m. This advertisement is issued in compliance with the requirements of The Stock Exchange. It does not constitute an invitation to purchase any securities. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of the Company issued and to be issued to be admitted to the Official List.

Barbour Index plc

(Incorporated in England under the Companies Act 1929, No. 370721)

---- Placing by -----

LAURENCE PRUST & CO. LTD.

900,000 Ordinary shares of 25p each at 215p per share payable in full on application

- Share Capital ---

issued fully paid 2.036,120

in Ordinary shares of 25p each

The business of Barbour Index is the provision of computer based specialist information services, principally for professionals in the United Kingdom construction industry and for users of technical information relating to health and safety regulations.

Listing Particulars relating to the Company are available in the Extel Statistical Services and may be obtained during normal business hours on any weekday up to and including 10th March 1987 from:—

LAURENCE PRUST & CO. LTD. Basildon House, ?-11 Moorgate, London EC2R 6AH

and from Barbour Index plc, New Lodge, Drift Road, Windsor, Berkshire SL4 4RQ

Copies of the Listing Particulars are also available from the Company Announcements Office of The Stock Exchange up to and including 25th February 1937.

24th February 1987

Authorised

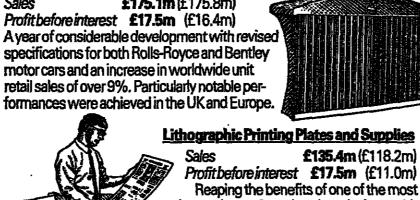
2,700,000

RECORD PROFITS AND THREE MAJOR ACQUISITIONS

In 1986 sales rose from £611,2m to £691.8m and pre-tax profit by 20 per cent from £45.1m to £54.0m. The Board has recommended a final dividend of 9.0p per£1 Ordinary stock, making a total of 15.0p for the year, net of tax credit, compared with a total of 13.0p for 1985.

Rolls-Royce Motor Cars

£175.1m (£175.8m) Profit before interest £17.5m (£16.4m) A year of considerable development with revised specifications for both Rolls-Royce and Bentley motor cars and an increase in worldwide unit retail sales of over 9%. Particularly notable per-



advanced manufacturing plants in the world, Howson-Algraphy had an outstanding year, increasing sales and profits in all major markets. Particularly good performances were achieved

<u>Business Furniture</u>

£106.2m (£84.7m) Profit before interest £6.4m (£6.0m)

in the USA, Canada and Sweden.

Following the acquisition of Comforto in 1985, Business Furniture consolidated its position and increased profits during the year. A substantial investment programme is underway to improve further production efficiency and quality.



£49.6m (£34.4m) Profit before interest £4.7m (£4.0m)

Our Medical and Scientific Equipment Division had a steady year, limited in the latter sector by the depressed semi-conductor industry. However, the acquisition in October of Air-Shields, the world leader in neonatal equipment, consolidates our strong position in the medical sector and augurs well for 1987.



Marine Engineering

£87.6m (£70.6m) Profit before interest £1.3m (£4.3m) Marine Engineering suffered from declining markets and experienced a considerable reduction in profit from 1985. However the acquisition of KaMeWa, the world's leading controllable pitch propeller company, has enabled us to restructure our marine activities and we anticipate improvement in 1987.



Defence and Aerospace

£82.8m (£69.5m) Sales Profit before interest £9.2m (£6.0m)

The acquisition by Defence Systems of the Royal Ordnance tank facility at Leeds gives Vickers a greater range of armoured fighting vehicles than any other company in the world, and offers good prospects for the future. Vickers Precision Components, manufacturers of components for gas turbine engines, reported much improved results for the year.

Other Activities

.: £m

691.8

£49.6m (£36.5m) Sales Profit before interest £3.1m (£1.5m)

Other activities improved their performance. At the year end, plans were announced for the Design & Projects Division to be merged into a joint company in which Vickers will hold a

30% interest. 1985 £m 611.2

Profit before taxation 54.0 45.1 33.7 Profit after texation 39,3 15.2 12.4 **Dividends** Per £1 of Ordinary Stock 40.7p 36.3p Earnings Dividend 15.0p

RESULTS IN BRIEF

Prospects

Three major acquisitions in 1986 strengthened our international presence within their respective divisions and, together with strong organic growth, the Company views the prospects for 1987 with optimism.



The A.G.M. will be held at 12 noon on 23rd April 1987 at Millbank Tower.

Vickers P.L.C., P.O. Box 177, Millbank Tower, London SW1P 4RA.

The full Report and Accounts will be available on 23rd March 1987.

Housing for

MILLER CONSTRUCTION has

negotiated three lontracts, total value £3.42m, to create new living

Edinburgh

students

Lotus blossoms and helps FII to £3m interim profit

a 65p rise pushing up the shares full is also engaged in the

Lotus was acquired at the end of last August in a £19m cash and shares deal with Burton. It expanded FII to the third largest shoe maker in Britain, and made it Marks and Spencer's biggest supplier of women's shoes and second largest supplier of outdoor

largest supplier of outdoor footwear.

In just over three months since the purchase Lotus produced a record for any such period of nearly £1.6m pre-tax, while the existing businesses pushed ahead to £1.4m.

The directors reported that current trading was in line current trading was in line vith budget and for the second

FII is also engaged in the manufacture of medical and laboratory supplies. Both Denley Instruments and Fiona Footwear again turned in record results and contributed to an increase in group turnover from £8.74m to £21.28m. Fiona, now fully operational in its purpose built factory in Bridgend, reached its highest ever production levels.

After tax £1.02m (£244,000 reflecting benefits of industrial building allowances) the net profit came to £1.99m (£816,000) for earnings of 21.6p (15p restated) basic and 20.2p (13.9p) fully diluted.

the modern day FII Group. In

extension for Bamford

Tarmac builds factory

weeks. Major contracts also include fitting out a supermarket at Colwyn Bay, Clwyd, for Safeway Foodstores (£1.4m) and alterations and extensions to premises at Blackburn, for

Projects worth nearly f8.5m have been awarded to TARMAC. Heading the list is a £1.7m design and build contract for the second phase of redeveloping part of J. C. Bamford Excavators factory site at Rocester. Stafford-shire. It involves demolishing a factory building and replacing it with a larger one, totalling about with a larger one, totalling about with a larger one, totalling about works at Darlington, for Darling 6,500 an metres. Contract is ton Borough Council (£284,000); seheduled for completion in 36 weeks. Major contracts also include fitting out a supermarket at Colwyn Bay, Clwyd, for Safeway Foodstores (£1.4m) and tract for improving 75 homes at Wood End, Wednesfield, for Wolverhampton Borough Council.

Milton Keynes housing

Glasgow Herald to have new press hall

University

extension

TAYLOR WOODROW CON-STRUCTION (SCOTLAND), of Glasgow, has received a contract worth £2.9m from Heriot-Watt University for the erection of further buildings at Riccarton Campus, Curria, Midlothian, to house its Department of Brewing and Biological Sciences. The project comprises erection of a

Work is underway on two contracts for the Scottish region of 10HN LAING CONSTRUCTION.

The largest is the construction of a press hall for George outram & Co. publisher of the Glasgow Herald and Evening Times. The £2.3m management contract is due for completion in January 1988, but the first phase is scheduled for completion by September 1987. A £1.5m contract in Newbridge, Midlothian, is for building a £800 sq metre warehouse for Uniroyal, for completion in May. Leeds City Council has awarded 2 £1.3m contract to Laing. To be carried to the completed in 14 weeks.

value 23.42m, to create new inving accommodation for Edinburgh University. The contract—part of a major housing programme—will increase the amount of accommodation the university owns and leases, by 12 per cent and make it possible to offer city and make it possible to offer city owns a living to over 400 ctudoser. and make it possible to offer city centre living to over 400 students. As part of this overall contract Miller Construction will be undertaking the complex job of converting the 84-year-old Usher Institute—formerly occupied by Edinburgh University's Department of Community-Medicine into a building which will provide living units for students. As the Institute is in a conservation area external alterations will be kept to a minimum. A total of 22 £5m glass LLEWELLYN CONSTRUCTION, the Milton Keynes company within the Llewellyn Group, has been awarded contracts, together worth £4m, encompassing both housing and refurbishment. Three of the new developments are "design and construct" basis of a £500,000 contract at Hemel Hempstead. A further public sector contract is for the refurbishment of 22 houses at ture and install Bidwell Hill, Houghton Regis, world's largest glz bousing been won by fordshire District Council. It is also valued at £500,000 and will Group, in a deal section of the proportion of the new developments are "design and construct" take 32 weeks to complete. A contract to design, manufacture and install one of the world's largest glass envelopes has been won by MELLOWES PPG, a member of the RTZ Group, in a deal worth over 15m. The St Enoch Square project, a 76,000 metre leisure centre due to open in the heart of Glasgow in early 1989, is to be completely enclosed by a 30,000 metre all glass envelope based on Mellowes PPG's aluminium Barrier Skywall pressure equalised fully-drained glazing system. Commenting on the project, Mr David Blake, managing director of Mellowes PPG said: "The project is unique in its innovative use of glass and external alterations wil be kept to a minimum. A total of 22 units will be provided in the original building and in a new structure to be built alongside. The building, with bay windows, will link visually to the adjoining terraced houses. A four-storey development in Guthrie Street reflecting the form of the reflecting the form of the original building, will also be built with projecting vertical bay windows and a slate roof. A sixand seven-storey development in Robertson Close will provide accommodation for 214 students

Enlarging innovative use of glass and aluminium in sloping, vertical and pyramid glazing, presenting special design and construction problems." **Midlands** dairy plant

and parking space for 85 cars.

TAYWOOD ENGINEERING (TEL), a design and research company within the Taylor Woodrow Group, has been awarded a contract worth £240,000 to undertake over \$5,000 individual non-destructive test (NDT) measurements on 3,200 sq metres of concrete in high-rise blocks of flats for the Hong Kong Housing Authority. The contract will last NORWEST HOLST has secured work worth \$4.5m in three conwork worth \$4.5m in three contracts in its northern region. The largest, at \$2.2m, involves extending one of the Midlands' biggest dairies at Ashby De La Zouch. Liquids of a different kind are being catered for by Ind Coope Burton brewery in a £2m bottling and canning contract in Burton-on-Trent. Making up the trio of contracts started last month is the £300,000 strengthening of Ramsey's 100-year-old loading quay on the Isle of Man.

At present between 70,000-

quay on the Isle of Man.

At present between 70,00080,000 gallons of milk are processed each day at Northern
Dairies, Ashby. When the threephase extension of the premises
is completed by the end of
summer its milk handling and
cartoning capacity will be considerably increased. In the Isle
of Man, the design and construct
contract involves straightening
125 metres of the old sea wall
which is suffering damage from
heavy loads. Work is carried
out by driving a line of ninemetre-long sheet piles into the
water adjacent to the wall. The
one-metre gap between the wall one-metre gap between the wall and piles is then filled with concrete and topped with a reinforced concrete slab up to 600 mm thick.

7.1p

conversion

Hatfield store

Under a 20-week design and build contract valued at £4.5m, LOVELL CONSTRUCTION (NORTHERN) will completely rebuild the interior of a store LOVELL CONSTRUCTION (NORTHERN) will completely rebuild the interior of a store at Hatfield, Hertfordshire, for the Dee Corporation, so that it can reopen at Easter as a Gateway superstore. The building, until recently a Woolco department store, occupies a key site in Hatfield town centre. The store has a sales area of more than 60,000 sq ft on a single level with basement and roof top parking. During conversion the interior will be completely stripped and the floor slab strengthened to support new features that are to be incorporated. These features include the provision of a mail of concessionary shop units and klosks including a bakery. Electrical and mechanical services throughout the store will be refurbished and a complex heating and ventilation system installed.

been awarded contracts, together worth £4m, encompassing both housing and refurbishment. Three of the new developments are "design and construct" schemes, and two incorporate redesign and construct schemes, and two incorporate stere yet design and construct schemes, and two incorporate redesign and construct schemes, and two incorporate redesign and construct. Reynes, 49 two-storey houses are funded by the private sector and the contract value is fill-4m. For Site Developments, timber frame is also being used on eight houses for private sale in Putney. The total building cost will be £600,000.

A contract for 52 single-person that at 01dbrook, Milton Keynes, also "design and construct," is for the Orbit Housing Society. It will start next mouth and is worth just under £900,000. For Dacorum Borough Council, 18 single-bedroomed flats form the

Container repair garage wimpenny, the Huddersfield-based construction group, has received orders valued at £4.8m for its various operating divisions. Wimpenny Project Management has been awarded contracts for the design and contracts won include additional laboratory refurbishment work at Manchester for UMIST and further high-tech units at Listerhills, and Co. and at Ashton-under-Lyne it will build a £750,000 abattoir for Dixons Pork and Bacon. Both schemes have started and both will be completed by the autumn. The division is also working on additional advance units at Thornton Road, Bradford for English Estates.

The construction division is to

ning contracts valued at £500,000 for a variety of concrete repair and surface treatment schemes. They include three repair contracts for the Home Office at HM Prisons Lindbolme, Acklington, Thorp Arch and two PSA repair projects at RAF Leeming and Portrullis House, Hull, Other schemes include balcony repair works on multi-storey flats for Leeds and Sheffield City Councils and a motorway bridge term and a motorway bridge term maintenance contract for the Department of Transport.

house its Department of Brewing and Biological Sciences. The project comprises erection of a four-storey block 33 metres x 14 metres, and a two-storey block, 36 metres x 21.5 metres, with service towers attached to the building. Linking these will be a single-storey and basement aquarium block and a two-storey connecting corridor. Construction is a combination of in-situ concrete and structural steelwork on piled foundations with brick and blockwork and cladding. Internal finishes, services and fitments are also included. Authority. The contract will last six months. Tyneside supermarket

RUSH & TOMPKINS' porth west region has won a further 510m of construction contracts. Economic as \$49m contract with Largest is a \$49m contract with Economic at North Road in Cheshire a \$570,000 contract starts with the Central Electricity Generating Board in March for design and supermarket at North Road in Construction of a two-storey office extension at Ferrybridge power station. Finally in west on the 106,000 sq ft store which is due for completion in April. A \$118m contract with Boois the Chemist has also started in Preston for a new Boots store at Thorp Arch Trading Estate near Wetherby, a \$470,000 refurbishment is in progress for Yorkshire way in Preston is a \$680,000 contract with Kevinsfort for an extension to the Broughton Park House in Bradford, a \$230,000 contract with General and in Cheshire a \$670,000 contract starts with the Contral Electricity Generating Board in March for design and construction of a two-storey power station. Finally in west Yorkshire a \$280,000 contract with Boois the Chemist has also started in Thorp Arch Trading Estate near Wetherby, a \$470,000 refurbishment is in progress for Yorkshire Water Authority at Broadacre Rouse in Bradford, a \$230,000 contract with Boois the Contract with Kevinsfort for an extension to the Broughton Park contract with Kevinsfort for an extension to the Broughton Park land reclamation at Parking Extension to the Broughton Park land reclamation at Parking Hotel in Garstang Road. In Colliery is underway for Wake-Southport a £820,000 intrastruction field Metropolitan District Counture contract is underway for the cil and a £300,000 resewaring Mersey regional health authority contract has begun at Seacroft for Leeds City Council.

£7m orders for Wimpey

Health Authority, for a geriatric for completion in July 1987. day hospital and rehabilitation department at the Royal Victoria
Hospital, Radnor Park Avenue,
Folkestone, Kent. It will be the
biggest development at the hospital since the new wards were

A tivils touties, would
have been awarded by BP
Petroleum Development for work
at British Petroleum Dimlington
Road, Easington, North Humberside. The contract includes three Folkestone, Kent. It will be the biggest development at the hos-pital since the new wards were built in the 1930s and the scheme will also involve up-grading the out-patient department; construction of a female staff changing room and toilet block; a singleroom and toilet block; a single-storey boiler room, and alterations to the first floor of the nurses' home block. When completed the hospital will be able to accommodate 45 elderly patients, most of whom will be treated as out-natients. Construction will be of traditional brick/block retaining walls on strip footings with precast concrete ground floor slabs, and a part structural steel and timber trused roof, clad in 'Eternit' slates. Work starts next month for completion in October 1988. industrial, new and refurbished housing and civil work, totalling almost £5m. Work has begun on a £1.04m contract awarded by English Estates for five advanced

WIMPEY CONSTRUCTION UK Durham, which will provide has been awarded a £2.3m con-tract by the South-East Kent modation. The contract is due

A civils contract, worth £2.5m road bridges, fire-water and surge ponds, an electrical sub-station and foundations for skid-mounted units and three compressor shelters, a sphere re-ceiver shelter, analyser building and metering house. Under-ground drainage systems and tanks will be provided as well as concrete pits and fencing. The work is due for completion in July 1987.

Contracts, amounting to nearly £1.4m, have been placed by Stockton-on-Tees and Middles-brough Borough Councils for new and refurbished bousing. At Stockton, Wimpey is to build 30 Stockton, Wimpey is to blind 30 states. Work starts next month for completion in October 1988.

Wimpey has also been awarded industrial, new and refurbished housing and civil work totalling almost 55m. Work has begun on a £1.04m contract awarded by English Estates for five advanced factory units at Consett, County

Alumasc

Interim Results

Unaudited results for the half year to

28th December, 1986: 1986 1985 £000 £000 Turnover 16,278 13,341 Profit before tax 2,43 i 1.294

Extracts from the Chairman's Statement: RESULTS: Operating profit grew by 70% and

Earnings per share

interest costs were eliminated during the period. DIVIDEND: An interim dividend of 2.5p per share will be paid on 16th April, 1987, to shareholders on the register at close of business on 19th March, 1987.

THE ALUMASC GROUP PLC Burton Latimer, Kettering, Northamptonshire NN15 5IP ects • Building Products • Security Products
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New Issue February 1987

The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe

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Aargaulacha Hypotheken-u Banque Vaudolse de Grédit Bank in Gossau Bank in Menziken Bank vom Linthy nk AG

ranque paribas (suisse) s.a. BANKERS TRUST AG BHF-BANK (SCHWEIZ) AG CREDIT LYONNAIS FINANZ AG ZÜRICH MANUFACTURERS HANOVER (SUISSE) S.A. MORGAN GUARANTY (SWITZERLAND) LTD All these securities have been sold.

150'000'000 Swiss Francs **4**%% Bonds 1987–97

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WITH THE recently acquired the "excellent" period under century gentlemen, not so for Lotus hitting record figures and review. Lotus hitting record figures and a 32 per cent advance from the existing undertaking, shoe maker FII Group lifted its pretax profit from £1.06m to £3m in the half year ended November 30, 1986.

The market reacted strongly, 2 65p rise pushing up the charge (6.75m).

The market reacted strongly, 2 65p rise pushing up the charge (6.75m).

6 comment

share this year by two-thirds to over 50p. It has been the quick returns from the integration of Burton's Lotus shoes cast-off that is making the real differ-ence. Lotus has lifted the comence. Louis has fired the com-pany up to the 18m pre-tax mark for this year and maybe into double figures in the year after that. As Marks & Spencer's key supplier of women's shoes, FII expects to gain from the store chains. chains floorspace expansion plans while growing its own branded products so as to prevent the M & S factor from rising much above 50 per cent of sales. In spite of yesterday's sharp rise to 460p, the shares are barely on a nine times earnings prospective rating, half they were confident of Lotus eating was the symbol when a forward looking p/e of building on the achievement of of ruin for many a turn of the at least 10 seems well justified.

Global profit up 25% at midway profits rose to £216,000 (£173,000). After tax of £98,000 (£80,000) and minorities of £6,000 (£2,000), earnings per 10p share came out at 2.8p (Alimentaires), excellent start to the year and is established as a major supplier to African and Middle

against 2.3p last time.

increased to 1.25p (1p).

The interim dividend

The directors added that the

poultry division continued to gain market share and that

own-label business was proving successful. Regional operations in the Midlands and in Wales

expanded penetration of their local markets, while the French subsidiary, Global France

SHARE STAKES

The Globel Group, USM-quoted meat trading import/ export business based in London's Smithfield Market, achieved a 25 per cent increase in taxable profits in the six months to November 30 1986. The directors stated that trading conditions improved considerably during the period. They did not forsee any reversal of the trend in the second half and looked forward continuing the group's

On turnover ahead from £17.65m to £20.21m, pre-tax

Changes in share stakes an- shares (0.30 per cent).

Changes in share stakes announced during the past week include:

Osprey Communications—Director Mr D. Bingham, has sold 60,000 shares leaving him with 94,430 and Mr L. W. Corney director of subsidiary F. John French Agency, has sold 155,000 shares leaving him with 761,360 (12.9 per cent).

City and Foreign Holdings—Director Mr B. Blodgett and Mr J. City and Foreign Holdings—Transnational Corporation, a acquired 25,000 ordinary at 141p and now holds 25,000 shares leaving him with 761,360 (12.9 per cent).

Shares (0.30 per cent).

Feedex Agricultural Industries—Director Mr D. Faulkner sold 33,333 ordinary at 39p.

R. H. Morley Group—Chairman Mr H. Khan and managing director Mr H. Morley yesterday sold 15,000 and 10,000 respectively.

Dominion International Group—Mr A. B. Blodgett and Mr J. Gallagher, directors of Transnational Corporation, a subsidiary of Dominion, have each hold 1.9m ordinary (4.2 per cent). Mr M. Lewinsohn has disposed of his subscribe for ordinary shares.

Dixons Group—Director Mr Brian Bennett sold 110,000 ordinary shares.

Pleasey—Director Mr Peter J. Marshall sold 12,000 ordinary at 239p.

J. Sainsbury—Director Mr R. A. Ingham 2as disposed of 8,836 ordinary shares.

and now each hold 1.9m ordinary (4.2 per cent). Mr M. Lewinsohn has disposed of his holding of 227,134 warrants to

supplier to African and Middle East markets.

Peakburgers, the processed meat operation, continued to make a significant contribution to profits, they said.

However, the Barfrestone Cottage Delicatessen factories at Dover and Canterbury had experienced a slow period which

experienced a slow period which resulted in overall trading loss.

Nevertheless, Global was considering several further acquisitions to broaden trading

The construction division is to build Clayform Properties shop and office development in Vic-toria Lane, Huddersfield. De-signed by Crampin and Pring,

Plessey nine months: £132.5 million pre-tax profits

- Pre-tax profit up by 18.2%
- Earnings per share up by 29.1%

1986-87 nine months' results

An extract from The Plessey Company's unaudited consolidated accounts.

	39 weeks ended 26 Dec. 1986 £m	39 weeks ended 27 Dec. 1985 £m
Turnover	1,024.9	1,008.1
Operating profit	119.9	106.7
Profit before taxation	132.5	112.1
Earnings per share (Before extraordinary items)	11.52p	8.92p

The Plessey Company pic Vicarage Lane, Ilford, Essex IG1 4AQ.

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BEYOND DOUBT. ARGEST STRONGEST. GREATES BGGEST BRIAN

THE LARGEST TRUCK MANUFACTURER IN BRITAIN

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aparan servera keperte melekang paran kebada kepertengan perana kepertengan kepertengan belah belah berak dibad Perana

BEYOND DOUBT. THE FACTS SPEAK FOR THEMSELVES.



BRITAIN'S INTERNATIONAL TRUCK MANUFACTURER



TECHNOLOGY

ILLICIT drugs and money changed hands quietly some-where in Oslo, Norway last week, as one more deadly sale was added to the thousands of similar deals taking place across the globe.

That particular trade, however, brought little joy either to dealer or customer. Within 24 hours, the miscreants had been identified from fingerprints found on the banknotes used for payment, and the police went out to make their arrests. Nothing here to amaze fol-lowers of Britain's magnifying glass wielding detective Sher-lock Holmes, perhaps, but to forensic experts it was further evidence that a revolution is taking place in crime detection pot only in Scandinavia but worldwide.

It turns round a new enthu siasm for "cold matching." the use of fingerprints found at the of identifying criminals. And it is being promoted by the de-velopment of a new generation of computers which, with dramatic rapidity and at reasonable cost, are able to compare these latent prints, as they are called, with those held on regions flost police files.

Only UK police forces, to date, have developed much expertise in cold matching; their specialists, working without computer assistance, are acknowledged to be as fast and as accurate as any machine cur-rently available.

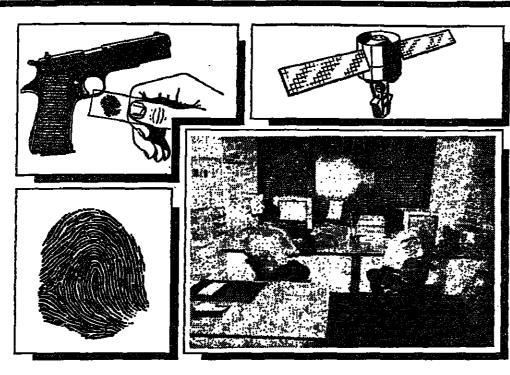
But for the first time, computer-based pattern recognition investigation, the Houston techniques are beginning to Police Department, the Florida make it possible for other countries to emulate the UK achievement and the US Secret Services.

fingerprint matching system situated in the Norweglan National Bureau of Crime Investigation in Fredrik Selmers Vei, Oslo, was built by De Le Rue Printrak, of Anaheim, California. Printrak is a wholly owned subsidiary of the UK De La Rue company, one of the world's major security printers. The Norwegian system cost about \$2m, but Dectective Chief Australia. Inspector Torger Rudrud, head

of the bureau's fingerprint de-partment, confirms that the country is nowhere near so law abiding as foreigners might think. "I have no doubt it was money well spent," he says. "If we had not bought this

machine, we would have had to employ another five to 10 people here in the fingerprint depart-ment. It has made it possible for us to carry out cold matching on latent prints."

There is only a handful of ponents. companies in the world making fingerprint recognition equip-ment. The market is worth only ment. The market is worth only family of supercomputers; the 540m worldwide, but that will optical disk technology is all grow rapidly if cold matching its own. takes off. De La Rue Printrak, for example, claims orders for example, claims orders for example, claims orders for recognising prints are close worth \$70m in the past few to the techniques used by months alone.







Dab-hand electronic detective

Nippon Electric (NEC), of Japan, and Printrak are the acknowledged leaders in automated fingerprint recognition.
De La Rue has systems installed at over 40 sites including the US Federal Bureau of

NEC has come onto the automatic fingerprint recognition scene fairly recently but is notching up orders at an impressive rate. It leads the marker in Japan and has intelled.

what is called "ten-print matching," checking the prints for each finger of a suspect, taken formally by the police, against prints held on record.

It is pure and comparatively simple pattern recognition and market in Japan and has instal-lations in the US — including the very large California State Department of Justice with 5m on record

Unlike De La Rue which assembles its machinery from



a variety of sources - the processor, for example, is a Digital -NEC builds all its own com-

The computing chips are the same as those used in its SX

It claims the methods it uses

human experts.

Alan Cane examines how automated fingerprint of the computer console which matching techniques are revolutionising the worldwide fight against crime

machines Printrak and NEC have been used, up to now, chiefly for what is called "ten-print match-

simple pattern recognition and experts agree that both the Printrak and the NEC machines carry out such searches with impressive speed and accuracy. The Printrak machine in Oslo, for example, takes only a

couple of seconds to encode the full ten print set and a further couple of minutes to find the best matches for the set in the computerised fingerprint file. In those few seconds, the machine takes a video photograph of the prints from which image processing circuitry extracts a binary image, that

The image processing software recognises characteristic features of the print-the minutiae— and the way the ridges flow. UK law demands that at least 16 minutiae must be similar to establish a match. The Norwegians are happy with

from the fingerprint file. What the computer does is seek the best statistical match for the minutiae on the sample and

score the print accordingly. Typically a good match would have a score of over 1,000; a poor match, 400 or less. The machine does not arbitrate; it presents the operator with a their scores for final human selection.

Ten print matching is used extensively for establishing the identity of a suspect in custody and in most countries this is Cold matching is another matter altogether. Latent prints

are rarely perfect. It may be possible to recognise the basic structure of the print involved but little else. It requires considerable skill is, a picture of the print ex- on the part of the operator to pressed in computer language. set up a latent print for cold matching. According to Mr Rudrud, it takes three to four

years' training for a finger-

print specialist to recognise the important minutiae to be fed into the computer.

NEC uses a technique involving the manual tracing of the 10 or eleven.

When the binary pattern of the fingerprint has been recorded, it is matched against latent print which takes time tem, based on optical disk tem to but is extremely accurate.

Printrak machines, on the other which underlies compact disk tem to but is extremely accurate.

Printrak machines, on the other which underlies compact disk tempton to but is extremely accurate.

The pointer is set to the position and direction of each minutiae and a press of a button records the details in

the machine's memory. After the minutiae have been recorded, matching is totally automatic and can take from



seconds to hours depending on the quality of the latent print and the number of prints in the file.

The Norwegian fingerprint the chief use of the NEC and file contains some 90,000 prints, De La Rue machines.

Cold matching is another dightised for computer search ing. The Miami, Florida, police department, which also has a Printrak machine, has some 480,000 prints on record.

The UK, by comparison, has 3.5m prints on record. attractive to for Britain's maestros of the latent print? Not according to Mr Richard Snyder of De La Rue Printrak, a major factor has been the development of a high-speed, low-cost image storage and retrieval system, based on optical disk technology—the same the end of the road for Britain's maestros of the latent print? Not according to Norway's Chief Inspector Rudrud: "Manual searching is leaves the image technology techn

Images of prints can be stored cheaply and permanently on optical disks and pictures of the prints displayed side by side on the video screen with pictures of the latent

By the end of the year, Printrak will be supplying the first of its new generation of machines, the Orion range, which, at maximum speed, are said to be able to compare said to be able to compare twenty thousand prints a second. Orions can "see" 256 shades of grey in each finger-print compared to 16 to 20 for human vision. Prints, coloured "mug" shots and criminal record data can all be displayed on the wides support. The transon the video screen. The top machine in the Orion range costs £20m.

But the best that Printrak and NEC can do cannot yet satisfy the UK Home Office. Mr Gordon Wasserman, assistant under-secretary of state with special responsibility for the science and technology group within the police depart-ment, makes it clear that British latter-day Sherlocks still have an edge over the machines. UK fingerprint experts would have every one of those 38,000

digitised prints in the Nor-wegian database engraved on their memory, he says.

Every cold match made by a Printrak system since they were launched in 1976—almost 15,000 -does not equal the number made manually by UK forensic scientists in one year, he claims. Printrak's Mr Snyder agrees that at present the phenomen-ally high standards demanded by Mr Wasserman cannot be

The Home Office wants to computerise its fingerprint departments; its problem is finding a machine as costeffective as its human experts.

met by computer-based machi-

It favours a combination of special print recognition tech-niques developed by Ferranti and Smith Associates, both of the UK, running on high-speed computing equipment using the Inmos transputer. Thorn EMPs signal processing computer

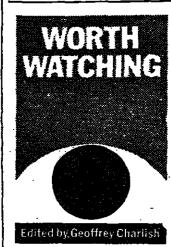
It seems likely soon to put its ideas to the test, asking De La Rue Printrak, NEC and systems houses like CAP and Logica to make proposals for a machine to satisfy a draft specification.

Out to Pinpoint London taxis

IF A consertium of London taxi fleet owners with 500 vehicles can raise the necessary £2m, it plans to use the British Telecom Pinpoint Despatch vehicle location system, announced last April, to speed up the deployment of its cabs.

The consortium, called Cellular Mobile Systems, will put display terminals in its taxis, and these will show the driver where his next fare is to be picked up.

radio beacons is being instal-led by British Telecom in the area encircled by the M25. These transmit their precise position to update dead-reckoning equipment in a vehicle. A cab can then send its exact position back to a base station map over the vehicle's normal radio link, which is then used to activate a display of the nearest cab



Welding deep in nuclear reactors

A ROBOT called Warrior, designed and built by Taylor Hitee of Chorley, Lancashire, for the UK's Central Electricity Generating Board, has been used to make a weld deep inside the nuclear reat Oldbury, near Bristol

The 25 in MIG (metal inert gas) weld was made under continuous path computer control, aided by vision systems mounted on another manipulator close to the robot

In this welding method both robot and vision mani-pulator arms are sent down 20 feet of concrete shielding, through access holes only 7.5

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Godfrey Davis

ins in diameter. While following the guided welding path, the robot has to keep the welding tool at a constant distance of 0.02 in from the surfaces being joined. Using such techniques, the CEGB expects to extend the life of its magnox reactors

Portable charge for sunny climes

at Oldbury and elsewhere.

SOLPRO Holland Inter-national, of Veldhoven in the Netherlands, is offering a small solar power system suit-able for supplying portable electrical appliances in sunny climates.

climates. Solpower, the size of a large book, uses a solar array and a nickel cadmium battery, with regulation and charging circuits. The battery supplies the appliance and gives 2.6 ampere-hours at six volts (a larger unit gives 40 Ah at 12v).

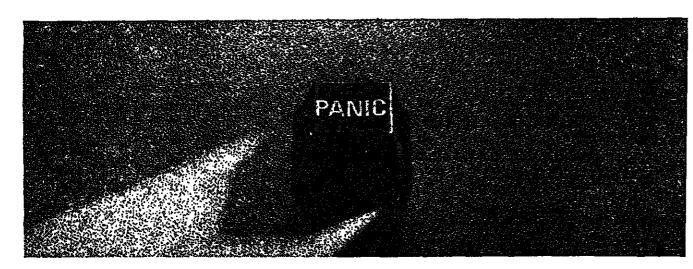
Publishers given graphic details

HEWLETT PACKARD, the US-based computing com-pany, has introduced a document scanner, which costing under £2,060, can be used in desk-top publishing systems to transfer printed graphics from existing publications. The material is held in digitised image form on disk, so that, although text can also be scanned, it cannot be edited.

The system uses a Canon facsimile scanner unit and in the HP system, called Scan-Jet, the operator can select various scanning resolutions from 38 to 300 dots per inch. the latter taking about 20 seconds per seamed page. Image enlargement and re-duction are provided.

Contacts:

Cellular Mobile Systems: UK, 01-739 5071. Taylor Hites: UK, 02572 65825. Solpro: The Netherlands, telex 51883. Hewlett Packard: UK office, 0734 696622.



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LOGIC

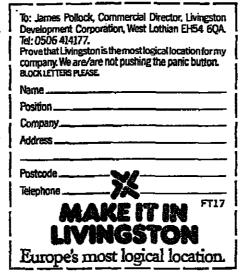
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The future for the industry can be expected to lie in establishing specialist sectors now that the basic business is growing more slowly

Seeking lucrative niches

By Robin Reeves

NONWOVENS, the industry responsible for creating such diverse molern products as the disposable disper, the teabag and the germ warrare combat suit, has come of age.

Looked thom as a young fast expanding industry, with growth rates of 10 to 15 per cent and apparently ever-increasing suddenly begun to sense that its period of idolescence is over. In 1983-4, the official statistics suggest that the growth in output slowed to around 7 per cent and hat between 1984 and 1985—the latest figures availue—there was barely any overall growth at all; though the position varied considerably varied considerably

from sector to sector. Clearly, some of the markets which the industry took by storm D years ago are now approaching maturity. It is a sign of the times that some of products with unique or the pineer producers have enhanced properties which can-been p-assessing their non-not be made in any other way.

mer und mig mer und mig m. called sea ator car eta ator car eta

been p-assessing their nonwoven letivities.

Du Font shook the industry
recently by deciding to divest
itself of part of its nonwovens
itself of part of its nonwovens

as coverstock for disposable
disposable

Other companies are now deciding that the future lies in developing specialist niches, rather han fighting for a share of the bread and butter business or hoping that lateral thinking will suddenly produce a major remarkably short period.

Santary napkins and adult incontinence pads; though as this survey highlights, the fibres or produce what is essentially a porous envelope have undergone a dramatic change in a remarkably short period.

In English, the industry calls itself "Nonwovens," in German "Vllesstoff," in French "Nontisses," in Spanish "Tejidos sin tejer" and in Italian "Nontessuti." It began as an industry making cheap substitutes by glueing together waste materials, thereby creating an image which it took a long time to live down. It then moved onto using

only recently has the industry begun to convey the message that it is not tied to any particular than him in the hing. lar technology but is in the busi-ness of bonding together sheets of fibres or filament by a variety of means other than weaving or knitting, and that it can make

business and Kimberly-Clark, diapers (or, as the English pre-another famous name, has also fer to call them, nappies) and revealed that it is reviewing its position in the industry.

diapers (or, as the English pre-fer to call them, nappies) and two related products, female sanitary napkins and adult

first is heading towards maturity and second is at best static.

Of the third, it has been said in

America that adult incontinence will be a bigger market
than baby diapers by the end of
the century, but in Europe it remains a small, if growing,

Other important bread and butter businesses for nonwovens producers include wiption, teabags and abrasives, and disposables and other materials for use in medical and surgical

As the industry got into its stride in the 1960s and 1970s, there was heady talk of its making large inroads into the generai apparel market. In practice, the penetration has been by and large limited to interlinings, though some producers are forecasting that moulded non-woven structures could even have a significant impact on the fashion market in the not too distant future. Some perfectly satisfactory curtain and upholstery fabrics are produced by nonwoven methods.

Other more technical markets for nonwovens include filter materials, geotextiles for the civil engineering, horticultural and agricultural industries, as cable wrapping and battery anode separators, in insulation and as substrates for coatings of other materials. Nonwoven producers are not limited to using textile fibres. Carbon fibres and ceramics, for example, are



among the materials used. For this reason, nonwoven

producers are always at pains to stress that they are not a branch of the textiles industry, but that their production methods have equally important roots in the leather, paper and chemicals industries.

Today's nonwovens industry is looking towards a future in which its task will be to produce tightly-specified and engineered sheet materials, composites, and even three dimensional moulded struc-tures, for whatever purpose or

nonwoven industry's triennial international trade fair and congress in Geneva, Index 87. It is a sign of the industry's growing stature and perhaps also the more competitive climate that Index 87 has attracted a record 230 exhibitors. And between them, they will take 50 per cent more space than three years

ago.
Organised by the industry's European umbrella body, the European Disposable and Non-wovens Association (EDANA), Index is being used as an occasion to reach out to those industries reach out to those industries reached. industry they may be required. tries which have perhaps not The end of next month sees fully appreciated the skills and the opening of the European expertise of the nonwovens

industry.
The current chairman of EDANA is Mr Norbert Dahlstroem, managing director of Freudenberg, a family-owned German company with 24,000 improvement in the quality of employees in 130 companies the statistical information worldwide which has been one about the industry.

worldwide which has been one about the industry.

Mr Dahlstroem says that he wovens industry. Last year its turnover exceeded DM 1bn.

Freudenberg's board recently decided to raise the company's rate. In the days of rapid expanown profile worldwide by chansidiaries to Freudenberg; in the the industry is entering a more UK the company which used to mature phase, it is important for be known as Bondina, near its future health and investment Halifax is now Freudenberg pattern. Mistakes could prove Nonwovens. Mr Dahlstroem expensive.

How they are made AROUND half the nonwovens in

Europe are currently produced using dry-laid methods, that is the fibres or materials to be used to form the sheet are carded on traditional machines to produce a fleece which is then bonded.

A further 13 per cent are produced by a wet laid method akin to that of papermaking, before

to that of papermaking, before bonding.

The remainder—some 35 per cent and growing—is spun laid using more capital intensive processes which have grown out of the chemical and man-made fibres industries. Polymer chips are fed in at one end and non-woven sheets and fabrics emerge at the other.

Bonding was achieved in the industry's early days by using chemical binders or adhesives and needle punching of the fleece to entangle the fibres. They remain a key part of the industry. The leading supplier, National Adhesives and Resins, says that product innovation is bring new demands.

But these traditional binding methods have more recently given way to increasingly sophisticated techniques.

given way to increasingly sophisticated techniques, most notably thermal bonding and spun lacing.

In thermal bonding, the fleece is passed through rollers held at

a temperature which will melt some of the fibres in the fleece

sufficently to bind the structure. In spun lacing, the fibres in the fleece are entangled by high pressure jets of water. The process is also known as hydro needling or entangling and is currently the subject of a wave of investment because of its ability to produce very soft

texture Mr Ken Floyd of the Shirley Institute in Manchester who has done a great deal of research on behalf of the nonwovens industry over the past 16 years believes that there is also a place for ultrasonic bonding. The institute has found that it yields a softer material than thermal bonding. But the method awaits more attention from machinery machi

from machinery manufacturers.
The conventional wisdom is that spun bonding will even-tually dominate the nonwovens industry because it is a more integrated, and therefore more economic process route.

However, it requires far greater capital investment than dry laid.

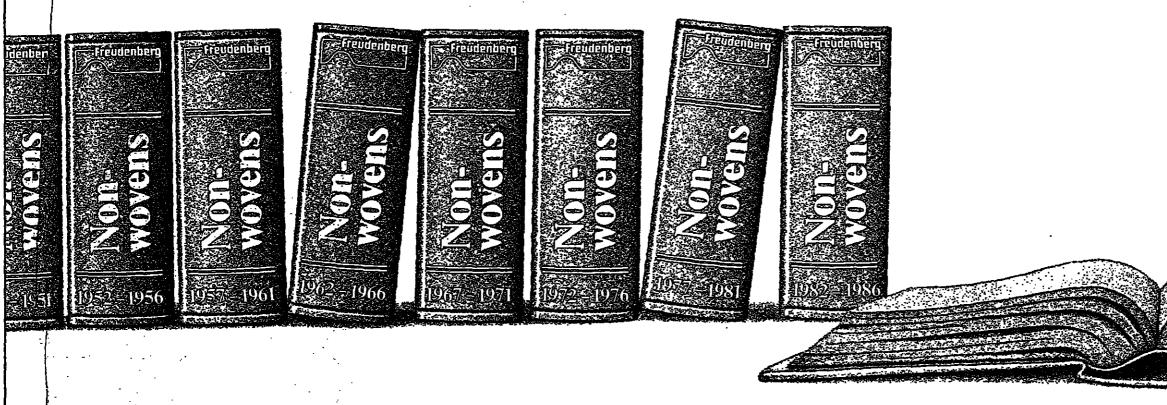
Freudenberg

hopes during his term of office to similarly raise the profile of

the industry as a whole.

Another objective, he says, is

present a problem. But now that



Who is creating the future of Nonwovens?

The first chapters of the history of Nonwovens were written by Freudenberg. It was in 1948 that we commercialized the first dry-laid Nonwoven processes and introduced the famous Viieseline interlinings and Vileda window cloth that have become generic names in their trade. By 1951 we were producing in the USA and in 1960 we started our joint venture in Japan. Simultaneously with an American competitor we developed and introduced the first spunbond Nonwovens in 1965. We were one of the pioneers of the thermobanding technique on an industrial scale and to introduce binder-free, lightweigt coverstock.

Today we are employing the entire spectrum of

manufacturing techniques in 16 plants in 10 countries. We are the largest European manufacturer of Nonwoven materials with 1986 worldwide sales exceeding 1.5 billion Deutschmarks. Variety, innovation and an unfailing dedication

to quality characterize our manufacturing programme. This ranges from durable to disposable Nonwovens, from the lightest materials in the industry to heavy-duty products, from large-scale production to extreme flexibility as we tailor special properties to meet individual customer needs. With our customers in mind we are developing sophisticated, high-performance components

for a wide range of end uses including filter technology, electrical engineering, automobile construction, building and civil engineering, home furnishing, agriculture, sanitary and medical applications, garments, shoes and leather goods and household cleaning. Vileseline and Fliselina, Vilene, Pellon, Viledon, Vildona and Vilmed, Lutrabond, Lutradur and Lutrasil, Vileda and Glitzi are Freudenberg trademarks that signify the highest standards of technology and quality all around the

world. We are keenly aware that having written a large part of Nonwovens history is no guarantee for also helping to assure its future.

That is why we feel a special responsibility and dedication in continuing to set ourselves the most demanding standards of achievement. The recent development of the first Nonwoven pocket filters and dust removal cartridges via the electrostatic spinning of polycarbonate, the introduction of microfibre spunbonds and the Europe-wide introduction of Vileda's Supermop clearly demonstrate that Freudenberg continues on the innovation path - for the benefit of our customers and the

entire industry. Freudenberg Nonwovens the name that represents the history and future of Nonwovens.

F.R.G.: Carl Freudenberg, Nonwovens and Spunbonded Nonwovens Divisions - Vileda GmbH - Great Britain; Freudenberg Nonwovens Ltd. - Spaint Freudenberg Telas sin Tejer S.A. - Canada: Freudenberg Nonwovens Inc. - USA: Freudenberg Nonwovens Limited Partnership - The Lutravil Company Argentina: Freudenberg Telas sin Tejer S.A. - Brazit: Freudenberg Nonwovens (Pty) Ltd. - Japan: Japan Vilene Company Ltd. - South Korea: Korea Vilene Co. Ltd.

Fibres

Target for producers

THE nonwovens industry has become the principal target of Courtaulds Europe Viscose Fibre subsidiary, after the closure last year of its Greenfield fine tuning their fibres to suit melting point) and polyethelene outer crescent (135 degrees C). Compared with polyester and nylon, it provided a fibre structurally has invested in a Fibre subsidiary, after the clo-sure last year of its Greenfield plant in North Wales and the concentration of its production at Grimsby and Calais.

Previously, nonwovens accounted for only 40 per cent of Courtauld's viscose business. Following the cutback which reduced the company's produc-tion capacity from 125,000 ton-nes to around 70,000 tonnes and triggered off the disposal of unprofitable business outside Europe, sales to non-wovens now account for two-thirds of its turnover.

Despite viscose's complete loss of the cover-stock market to polyester and polypropylene, it s still highly valued as a fibre for its purity and non-toxicity— it is reconstituted cellulose— and absorbent properties.

and absorbent properties.

Contraulds' case illustrates the growing importance of the nonwovens market to fibre producers. Even a decade ago, many fibre manufacturers still regarded the market as of marginal importance. Today, many have woken up to the fact there is substantial pusiness to many have woken up to the fact there is substantial business to be gained not just from supplying nonwoven products but the nonwoven. Chisso, a Japanese fibre producer company, came up with a bicomponent fibre with a polypplying nonwoven products but

End-Use

Coverstock

Medical/Surgical

Wiping Cloths

Civil Engineering

-wall covering

Vehicle Interior

Abrasive/Tea Bags

Waddings and Bulky Items

Misc. and Non Identified

Coating Substrates

carpet underlays

Filtration

Apparel Interlinings

Household

Bed and Table Liner

wide range of pilot equipment at its Coventry research and development laboratories to enable it to produce and test samples of nonwovens incorporating viscose using most of the standard methods such as wet-laid, dry-laid, water entanglement, and thermal bonding.
ICI spotted the need to service

the market much earlier and produced a range of what it cal-led heterofil fibres. These are made up of two polymers, in which the outer or sheath polymer has a lower melting point than the core fibre. When heated, sheath droplets run down the core fibre to crossover points where they will over points where they will thermally bond the fibre fleece or sheet when cooled.

ICI's pioneering work has since produced significant growth in the development of binder fibres—fibres designed to act as a thermally bondable adhesive for the nonwoven.

West European Production

Figures in millions sq. m. from 1985 deliveries

1985

3.559.2

1244.9

81.2

‡644.9

143.2

331.1

389.6

172.8

70.4

806.1

32.2

311.5

7,085.2

nowledge

1983

3.154.7

1225,4

89.8

‡533.0

171.0

258.6

275.4

230.9

207.7

82.8

798.8

29.4

168.7

6,226.2

1978

1.983.3

257.2

93.6

284.2

158.9

24.4 177.5

99.3

144.0

20.9

150.5

640.7

4,034.5

† Excluding medical wipes. ‡ Including medical wipes

bond at a far lower tempera-ture, with consequent energy

Not all binding fibres are heterofil. Some homofil fibres have been found to give equally good results. The reason for this may be that with any adhesive agent there is a tendency to use too much and this is liable to impair performance material it is binding.

The binder also does not have to be a fibre. It can be a powder. Bonar Carelle, a subsidiary of

Bonar Carelle, a subsidiary of Low and Bonar, is presently commissioning a new plant in Scotland dedicated to producing nonwovens using powerbonding technology.

But EMS Grillon, a Swiss fibre producer, and Du Pont have made a speciality of binder fibres, including a fibre which is especially tailored to reinforce newsprint. Paper for carrying colour has a higher clay content and, as a result, it has to be strengthened with fibres be strengthened with fibres which are quite unlike those which go into textiles.

Production Process Used in 1985

50.2 mainly dry-laid. Spun-laid

9.1 wet-laid and dry-laid

4.7 almost only dry-laid

0.5 mostly dry-laid

100.0 dry-laid=58.0% of m2

4.4 all types

3.4 mostly dry-laid-also wet-laid

1.1 mainly dry-laid and wet-laid

2.0 mainly dry-laid and wet-laid

5.5 Overwhelmingly spun-faid

2.4 dry-laid, spun-laid and wet-laid

walt covering in increase

1.0 mainly spun-laid and dry-laid

4.2 carpet underlay mainly spun-laid

11.5 tea-bags overwhelmingly wet-laid

Robin Reeves



Nonwoven safety suit being worn for Chernobyl clean up of contaminated vegetables in West Germany

Technical uses

Making hazardous jobs safer

IF YOU TALK to a Du Pont executive about the company's proprietary spunbonded polyolefin. Tyvek he is liable to pull an Isle of Man one pound note out of his pocket which looks and feels like paper but proves to be untearable.

The same basic material but

The same basic material, but engineered to a different specification, was used for safety suits worn by German workers last year when disposing of vegetables contaminated by nuclear fallout after the Cherpobel diseater. nobyl disaster.

Tyvek and the products made from it are an example of the advanced materials which the nonwovens industry is capable of, given the market opportunities. They belie its cheap and cheerful image and reputation.

In the case of the safety clo-thing, Du Pont produces a range Hence, it is currently spenof scientifically engineered and tested fabrics for chemical and other hazardous environments, rated for the length of time they will provide protection.

The precise method of manu-

facture of Tyvek is a closely guarded secret. It is described as a flash spun polyethelene, bonded under heat and pressure and engineered to meet end use needs as a soft or hard structure. But Du Pont admit that it is instituting a major attack on Tyvek's costs of production to enable it to get into markets where until now the material has generally been regarded as too expensive. But even in current end uses, it calculates that Tyvek has a growth potential of

ding \$150m to increase output capacity of Tyvek at the company's European manufacturing centre in Luxembourg by 20,000 tonnes. This will come on

stream in July 1988. Besides protective wear, where it sees a potential for 60m garments a year in Tyvek's sec-ter, it also plans to concentrate on the European envelope mar-ket, calculated currently at 70bn

units a year.

It is confident that the high strength and low weight benefits of Tyvek will enable it to capture that slice of business where the security and protec-tion of the letter or documentation provided by the envelope is vital.

Du Pont also sees a big future mined, fibre size. Awoven mate for Tyvek as a substrate for a rial, on the other hand, will rial, on the other hand, will always contain a raige of fibres of varying denier, meaning a variable filtration performance.

Another example where non-wovens have triggered a distinct wide variety of other materials. In fact, an increasing number of nonwoven producers now see their future as lying increasingly in the industrial application of their expertise rather than in the traditional

technical advance is in the use of low density abusive materials. Freudenberg has developed a family of substrates impregnated with aluminium carbide and silicon carbide in regulated grit sizes for a variety of finishes. from fine polishing nonwoven markets, notably coverstock, with which so many of them have been associated in the past.
Another important technical of finishes—from fine polishing to scratch pattern. The advangrowth area is filtration, particularly following the demise of asbestos. The great virtue of a tage of the nonwover product compared with previous matenonwoven sheet is that the degree of porosity and other characteristics required for a particular filter can be rials (sandpaper etc) is that it presents a consistently aggressive face throughout its particular filter can be engineered precisely, not least by using a single, predeter-

Robin Reeves

US trends

Markets begin to mature

US consumption of nonwoven fabrics reached about \$1.8bn in 1986, including \$1bn used in disposable products and about \$800m used in durable products. Dollar sales expanded at 15.8 per cent/year annually between 1971 and 1980 but only 9.4 per cent/year between 1980 and 1986 and at 7.4 per cent/year between 1982 and 1986.
US 1986 consumption, in

pounds, reached 1.3bn, up 5 per cent from 1985. Unit consumption has grown at an average converted nonwoven dispos-annual rate of 6.9 per cent per ables markets are expanding at

Sales of converted nonwoven disposable products reached \$7.6bn in 1986, up 8.4 per cent from 1985. Consumption has expanded at an average annual rate of over 15 per cent per year during the 1980-86 period. Converted disposable product sales have grown at a considerably higher rate than nonwoven roll goods because the per unit price of converted products has been steadily increased. New features have been added which provide greater value to the end user and the added cost of these improvements has been easily passed through.

The demand for nonwoven fabrics in disposables applica-tions depends on the outlook for converted products which utilize them. During the past few years, several disposable non-woven markets have begun to mature. One market is disposable infant diapers. This is the learnest rather polymer converted. able infant diapers. This is the largest sales volume converted nonwoven product and the largest single end use for nonwoven fabrics. US sales of disposable diapers reached \$3.3bn in 1986, up only 4 per cent from 1985. In 1985, volume was \$3.2 bn, up 11 per cent from 1984. Unit shipments actually declined about 2 per cent Unit shipments actually declined about 2 per cent in 1986 to 13.0bn. In 1985, unit volume was up 0.5 per cent over

This leveling off in demand reflects the already high penetration of disposables (about 80 per cent of all diaper (about 80 per cent of all diaper changes), no significant increase in the birthrate, and a reduction in the number of diapers used per week because of improved features such as dryer facings, refastenable tape tabs, better fit and comfort.

Feminine hygiene products (sanitary towels and tampons) are another maturing market for nonwovens. Retail sales of the category reached \$1.6bn in 1008 no 7-ner cent from 1095 1986, up 7 per cent from 1985. Unit sales grew only 2.6 per cent in 1986: Sales of sanitary towels reached \$1.11bn in 1986, up 7 per cent from 1985. Unit sales grew only 4 per cent in 1986 and only 3 per cent in 1985. Retail sales of tampons increased 6 per cent to \$560m in 1986. Unit sales were flat.

Some medical disposables such as incontinent pads operating room accessories including caps and masks are also mature. In fact, because of the impact of cost control legisa tion on the US health care business, these highly penetrated end uses for nonwovens are actually declining as hospital numbers decrease and the num-ber of surgical procedures performed annually remains static. However a number of other

a very healthy rate. Disposable adult incontint pads represent a major new area of opportunity. Sales to end users of these products exceeded \$300m in 1986. up from only \$165m in 1983. These products are sold to nursing homes, hospitals and to retail users. Institutional con-sumption represented about two thirds of the total but con-sumer sales are the fastest growing. The consumer market has been growing at approximately 100% per year since 1983. The institutional market has been growing much more nas been growing much more slowly; just under 15% per year in value and only 10% per year in units. Disposable adult pads have penetrated about 4% of the theoretically available consumer market but almost one half of the potential institutional market.

and dressings, disposable industrial apparel, filters, and industrial/institutional wipers are additional converted disposable are addi disposable businesses which have been showing above average growth.

The outlook for nonwovens in durables applications is mixed. durables applications is mixed.
Overall, durables have been
growing at a slightly faster rate
than disposables. The fastest
growing segments include durable papers (envelopes, housewrap, tags, labels, and related
products) geotextiles, and roofing Slower growth has been the
case in interlinings and conbeen growing at a faster rate than the industry average, but some are mature. The consumption of nonwovens in automotive carpet backing has been expanding at a very rapid rate in the U.S. However, nonwoven back-ings for residential and many commercial carpet applications has been declining because of strong competition from woven

slit film. Nonwovens made by dry staple processes still account for almost 45% of U.S. industry volume. This is also the slowest

punched fabrics, are achieving. The penetration of nenwoven The US Market

Nonwoven penetration in selected Carpet backing 10 Bagging/packaging Disposable industrial Reinforced plastics composites (low temperature) **Building products** 10 Medical products 15

Per cent of theoretically available Source: John R. Starr, Inc. estimates. nonwoven-making growing

technology. Thermally bonded dry staple fabrics are replacing those made by resin bonding. Thus, the market for resin binders is declining. The usage of needlepunched nonwovens has increased at about the same rate as the industry overall.

These materials, particularly
new types of structured needle-

out. The major end use is wipers. Spunbonded, the second largest nonwoven-mak-

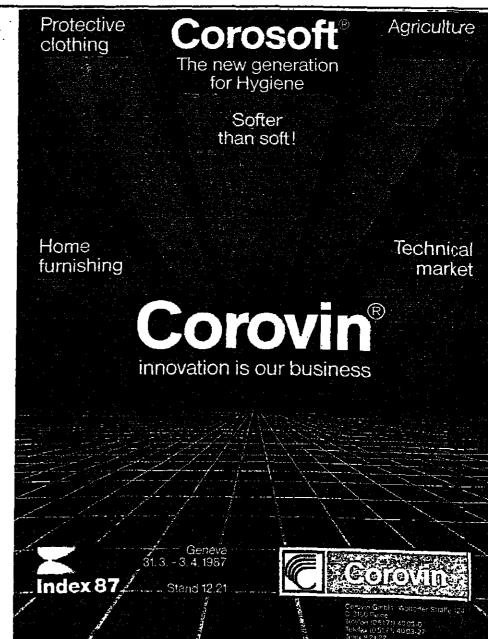
ing method, has continued to expand at a rate faster than the industry as a whole. Spun-bonded now accounts for almost one third of total industry volume on a poundage basis and a higher share of dollar value, Spuniaced and melt blown non-wovens have been rapidly accepted and are now signifi-cant in the US market. Wet-laid nonwovens have grown at a rate slightly below the average for the industry, but new process and product technology is likely to yield fabrics having signifi-cantly improved cost/perform-ance and, thus, greater commer-

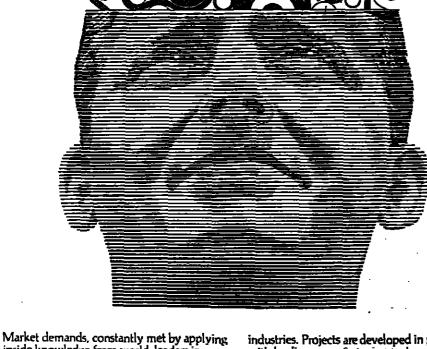
cial utility.

Overall, a 6-7% annual rate of unit growth for nonwoven roll goods is expected in the U.S. is through 1991. The growth of this business exceeds that for the U.S. paper and textile industrial compares favorably specializing in the nonvoven products business in the U.S.

growing usage in moulded automotive trim materials and in a
variety of other markets. Air
laid pulp nonwoven usage is
also expanding at an attractive
market for industrial/institutiorate and producers are now sold nal wiping materials. Non-out The major end use is wovens represent only about 10% of the consumption of fibrebased materials used in filtration and only about 15% of the disposable industrial apparel

> Reinforced plastes and composites are another area of opportunity. In order to achieve significantly greater penetrea tion in these makets, non-wovens producers vill have to develop and commercialize new fabrics having improved cost/ performance compared to those currently available. Proprietary technology will be an increasingly important requirement for success. Farticipants with "me-too" technology positions may find returns unacceptably low.





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industries. Projects are developed in partnership with leading manufacturers, and recently with other organisations including the University of Manchester and British Ministry of Defence, who have shown that by thinking nonwovens and working with the Lantor Group, the perfect solution to any problem

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Teabags

Profits from a cuppa

NOT LONG after the Second World War, a US company called C. H. Dexter agreed to license its technology for producing long fibred papers, suitable for the manufacture of teabags, to a Lancashire specialist paper maker, J. R. Crompton.

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Crempton.

Denter is one of the oldest
publicly quoted companies in
the US and in the 1930s its
invention of the inclined wire
process changed the company
from a paper manufacturer into
a producer of special lightwaight nonware products. riom a paper manufacturer into a producer of special light-weight nonwoven products.
Crompton had also got into long-fibred papers in the 1930s in order to produce stencil itsmue for the then large Gestetner office printing market. Teabag papers looked like a small but useful diversification.

Before long, Crompton found itself at the leading edge of a dramatic change in the world's largest and most famous market

largest and most famous market largest and most namous market for tea—the growing trend in the UK towards using tea bags, rather than loose tea, to brew the famous "cuppa." Crompton developed Dexter's technology along its own lines and soon its tea bag papers were its dominant business.

Seeing the expension in the

Seeing the expansion in the UK. C. H. Dexter itself arrived in 1872 to open a manufacturing plant at Chirnside in the Scotiish Borders and to compete directly in the market for tea bag papers. Today, it claims to half the mer.

UK, last year the Lancashire company was acquired by the fast-growing Bunzl paper, plastic and distribution group, in an evidently siling condition for £14.8m. The takeover has set the scene for an intriguing the state of the project's favoure in the project's favoure in

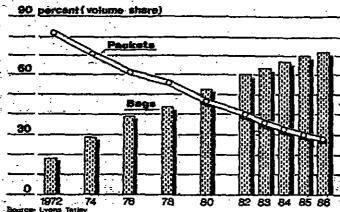
specialist papermaker, uses some 4,000 tonnes teabag Wycombe Marsh Paper Mills, paper a year—the second wycombe Marsh Paper Mills, based in High Wycombe, near London, with a product range which complements that of Crompton. Wycombe Marsh, unlike Crompton, has been particularly involved in sterilised papers and wrappings for the medical market.

The two Bunzl subsidiaries have now been brought under which are separated out in a

have now been brought under which are separated out in a the same management team digester before being wet laid

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Growth of UK tea bag usage



weighing between 9 grams and 25 grams a sq metre with very

good wet strength.

That said, the tea bag has

undergone considerable evolu-tion since the early days, in the

interests of providing a better cup of tea. Perforation, for inst-

ance, had to be introduced in order to provide instant colour infusion of the water. But prob-

ably the most important development has been the use of some polypropylene fibre both to give the bag greater strength and allow it to be heat

Crompton incorporates the polypropylene in the web whereas Dexter adds it as

second stage, arguing that this gives a better performance. But both companies have been to an

extent driven by the machinery

manufacturers who now make

units capable of producing 4,000

teabags a minute, compared with just 250 bags a minute in the early days.
Other refinements introduced

as well as the colour of the teas being used with teabags. Argu-

ably, the quicker the infusion, the lower the tea quality. Dexter is looking at the balance between using a larger tea leaf and paper with more open

sealed.

pany, Wycombe Crompton Inc, has been established in Atlanta, Georgia, to take on C. H. Dexter in the home market in which it is dominant

Wycombe Crompton has no illusions about the task before it. American companies do not like being dependent on a long supply line or, for that matter, buying from a non-domestic pro-

ish Borders and to compete directly in the market for tea hag papers. Today, it claims to have approaching half the market for teabag papers in Western Europe where some 70 percent of the tea is now drunk in teabag form.

Competition within the UK market for tea bag papers was clearly fiercely fought. Although J. R. Crompton still claims market leadership in the UK, last year the Lancashire.

£14.8m. The takeover has set the scene for an intriguing new chapter in the development of one of the wet-laid nonwoven industry's key markets.

Bunzi already owned another specialist papermaker, paper a year—the second largest market in the world—

within the company's industrial on an inclined wire to produce a division and a new sales com- lightweight porous sheet,

tain's Tootal group has just achieved a major breakthrough in the medical market for non-wovens by producing an improved device for testing the efficacy of steam sterilisers in hospitals—a routine but vital daily test for ensuring that the equipment is working properly.

The traditional method has been the Bowie and Dick test which involves pleasing a piece. which involves placing a piece of heat sensitive paper at the centre of an 18in cube of 38 folded linen towels within the stariliser to see if the paper is affected. If it is not the test must be repeated with a fresh set of

LANTOR International, the nonwovens subsidiary of Bri-

towels.
After collaborating with the University of Manchester's pharmacy department and the pharmacy department and the UK Department of Health and Social Security, the company has come up with the Lantor Cube which two months ago was given the official stamp of approval as an alternative method of testing.

Instead of test towels (which for the test have to be neither starched nor ironed) the new cube contains two packs of sci-

starthed nor ironed) the new cube contains two packs of sci-entifically specified non-wovens, which are clamped together with the paper in the middle. Each pack can be used for 15 tests before being replaced.

Medical sector

Tests for sterilisers

involves a cheaper material, unaffected by steam because it has been selected for its hydrophobic properties and unlike tea towels, the nonwoven packs will also not be used for anything else. Last but not least, it is in practice a far more reliable method of detecting malfunctions in steam sterilisation tions in steam sterilization equipment than the Bowie and Dick method.

Lantor has chosen to market its cube through 3M which makes the heat sensitive paper, and it promises to bean the com-

Nonwovens 3

and it promises to keep the com-pany busy. Hospitals in the industrialised world contain an estimated 25,000 sterilising units and the number of Bowie and Dick tests a year is put at

The Lantor Cube is a textbook example of the potential impact which nonwovens can, and have been actively seeking to make in the medical world. It is an area of activity where, of course, the highest premium is put on middle. Each pack can be used cleanliness and on materials for 15 tests before being which will provide both barriers and breathability. It is also the benefits of using a non-area where disposable prowoven are severalfold. It



Clothing and covering for operating theatres

sheets and operating theatre gowns can flourish.

But in practice, it is a market which has developed for non-twovens more slowly, certainly in Europe, than at one time seemed possible. For one thing, it is a market have spent heavily on laundering facilities the investment in which would have to be written off if there was a wholesale switch to single use materials.

For another, medicine is a conservative profession and side to doctors and medical authorities generally are not inclined from a particular species of brown seaweed, which is highly absorbent, an active haemostat and biodegradable.

A classic example of the difficulties nonwovens have had in building up penetration is cothload tion exchange) to form a particular species of brown seaweed, which is highly absorbent, an active haemostat and biodegradable.

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A classic example of the difficulties and biodegradable.

A classic example of the difficulties and biodegradable.

A classic example of t

It is partly due to habits, partly because nonwoven producers cannot yet guarantee that fibres will not break loose—a vital consideration in operating theatres.

Lohmann, a leading West Gerionmann, a leading west Ger-man nonwovens producer of long experience, which manu-factures both natural cotton gauze and nonwoven substitutes thinks that many in the non-woven industry are fooling themselves in believing that cot-ton gauze is ripe for substitu-tion; that the traditional cotton product will only be custed product will only be ousted when nonwovens come up with something with superior prop-

something with superior properties.

One UK company with a novel new product for at least part of this market is Britcair, a new pharmaceutical company, which is producing nonwoven wound dressings of wet-spun calcium alginate fibre, obtained from a particular superies of

Geotextiles

New product creates its own market

geotestiles are one of the moisture but not the sand, soil great success stories of the non-wovens industry, and a textbook example of how a new material

The market leader in Europe can create a new market.

Launched little more than 15 years ago, geotextiles are now being utilised by the European civil engineering industry at the rate of 140m sq metres a year. And usage is continuing to grow at between 5 per cent and 10 per

cent annually.

Geotextiles have come to be used extensively to stabilise the foundations of motorways, prevent the erosion of dams, slopes, dykes, embankments and reser-

Other refinements introduced by Dexter include nucking of the paper to produce thin and thick areas rather than holes or perforations and, more recently, an attraction which it calls "textilisation." This is a technique so far unique to Dexter which enables it to provide teabag papers with brand identity or logo-type patterns. Dexter sees as the next stage the need to enhance the quality as well as the colour of the teas dyks, embankments and reservoirs, and protect drainage and sewerage systems.

They not only do this job more cheaply and effectively than traditional methods but also, according to all the available evidence, ensure the civil engineering structures concerned remain serviceable for far longer than used to be the far longer than used to be the Success has come from the

with more open solility of the nonwovens industry to create sheet membranes of varying strength and specified pore size which let through

is ICI Fibres with its Terram 100 per cent spun-bonded polyoleper cent spun-bonded polyole-fin range of geotextiles, pro-duced at Pontypool, south Wales. Other major producers for the European market include the French chemicals group, Rhone-Poulenc, Chemie Linz of Austria, which has just increased its capacity by a further 20m sq metres a year, and Du Pont which also plans to use increased capacity at its Luxembourg Typar manufactur-ing plant—originally dedicated to carpet backing—to win a big-

ger share of the European geotextiles market. An early use of geotextiles was in motorway drainage. The drainage systems of the first generation motorways were prone to become clogged with soil and had to be renewed at great expense and inconvenience to users every five years.

Civil engineers were persuaded to wrap the drainage pipes in nonwoven sheet, with pores small enough to prevent soil enough to prevent soil the sub-soil, small enough to prevent soil the sub-soil to users every five years.

finding ever-increasing application to teach the cothers.

Another growing market for geotextiles is in roof construction. Traditional bitumen flat roofs almost invariably start

fines getting through and clogging the system.

But it was quickly established that not only did this prevent drainage systems from becoming clogged, but that the irreditional clay pipes were no longer necessary and could be dispensed with altogether. Drainage systems are now made by simply lining trenches and

by simply lining trenches and soakaways with geotextiles and then filling them in with stones. From this it was a short step to more general erosion control applications. Famous examples include the Hovercraft landing bay at Dover where a geotextile sheet has been used to great effect to prevent the loss of the foundation sand.

Another well-known case is

the giant Scheldt Delta reclamation scheme in the Netherlands where 7m sq metres of geotex-tile mat was used to stabilise the sea bottom foundations of the storm barrier.

These days, geotextiles are finding ever-increasing applica-

and also distributes the load of vehicles using it.

ICI says that drainage applications account for approaching half its geotextiles business, claiming its spun bond system of manufacture allows the pore size to be controlled more exactly than the trolled more exactly than the needle-punched material offered by some other pro-

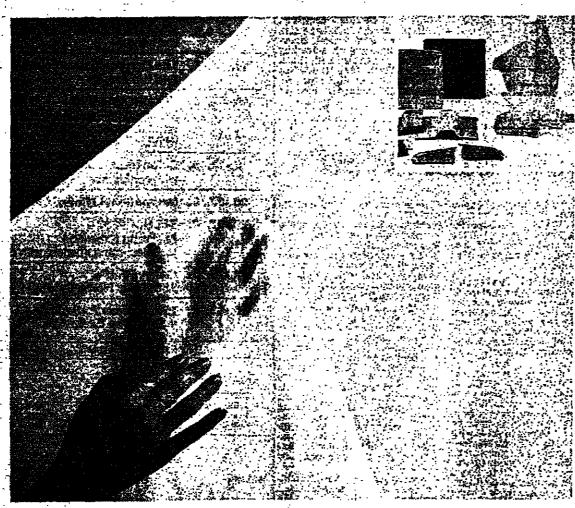
As familiarity with the use of geotextiles has grown, the civil engineering industry has begun to specify the kind of geotextile material it requires for specific projects. But clearly there is ample room for expansion.

Civil engineering is a very conservative industry. So far, only about 30 per cent of civil engineers are thought to be familiar with the benefits of geotextiles and it will take time and education to teach the

ment allows for expansion and contraction of the insulation layer while also protecting its joints from becoming clogged with fines from the chippings or windblown dust. At the same time, the geotextile allows rainfall to pass through the joints of the insulation layer to the impermeable membrane where it can be drained away.

A large market for geotextiles is also foreseen in agriculture. Not only can they be used to great effect to improve farm roads, gate entrances and field drainage, but they also have the crop protection and greenhouse roles which have been assigned to plastic film, but with a key advantage that they will allow through rainfall and conserve

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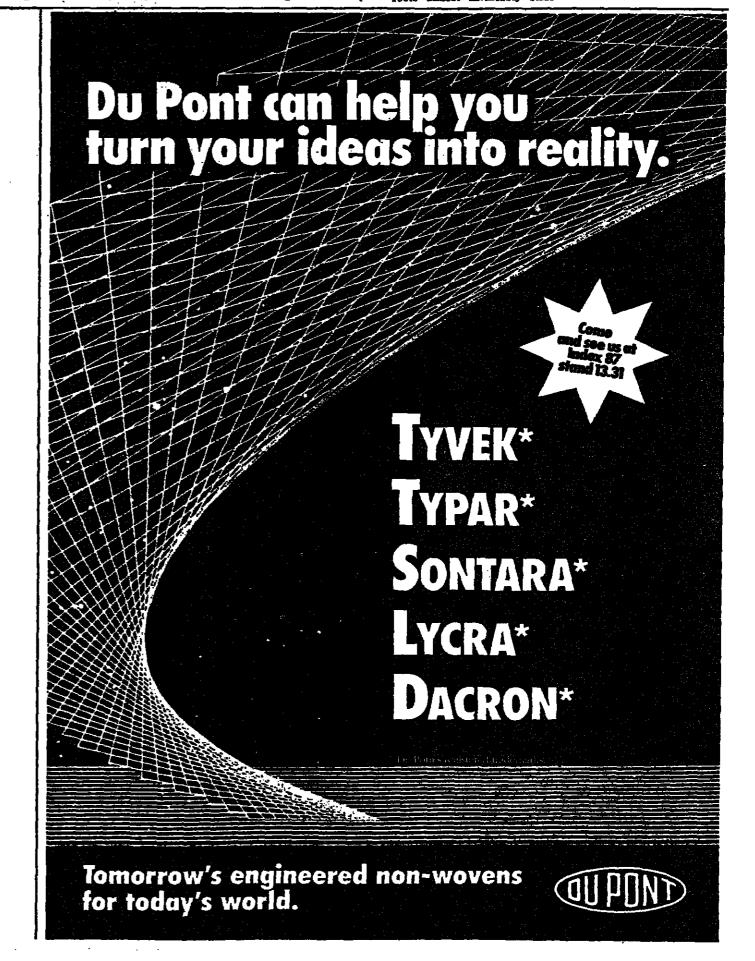
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Disposable diapers

UK mothers make the switch

PEAUDOUCE, brand leader in has also been investing to mod- by an estimated 32 per cent to a wovens industry and Americans manufacturing capacity.
call disposable diapers but In dramatic contrast, Colgatecall disposable diapers but which the British still prefer to call nappies, is just putting the finishing touches to a £10m manufacturing plant at Telford in the West Midlands of

year, is designed to consolidate cent. But the group remains the French company's leading committed to nonwovens share of the rapidly-expanding through its Kendall subsidiary.

UK disposable diaper market Within the past two years, Peaudouce, which is owned by Boussac St Frère of France, has overtaken the acknowledged leader of the disposable diaper business worldwide, the USowned Procter and Gamble

group.

Peaudouce is not alone in its assault on the British market.
Another French company, Celatose, is building a second plant penetration of disposables is 99 tose, is building a second plant in south Wales at a cost of some £7m to supply the large "own label" sector of the market in

the UK.

Also, Swaddlers, an "own label" producer in Gateshead, has just announced plans to build a plant in Northern Ire-land, while Robinson's of Chesterfield which, not long ago, was the only UK domestic producer,

Palmolive which dominated the UK disposable nappy market in the 1970s with an 80 per cent share of total sales, decided last in the West Midlands of year, as part of a world-wide streamlining of its operations, the new facility, which has the capacity to produce more than 500m disposable diapers a share had sunk to less than 5 per

> For years the most significant feature of the UK diaper market was the lack of penetration of disposables; the vast majority of mothers stuck doggedly to the terry towelling nappies prefer-red by their mothers and grand-mothers before them.

> Elsewhere in northern Europe and America, the majorper cent, in France 98 per cent, West Germany 90 per cent and in the US 75 per cent. But then, after years of prom-

the UK market for what the nonernise its disposable nappy value of £250m equating to
manufacturing capacity.

around 1.9bn nappy changes.

This year, the market leader, Peaudouce, is forecasting a further 20 per cent growth in UK sales to £300m, with 65 per cent of an expected 3.4bn total nappy changes involving a disposable. This compares with only around a 27 per cent penetration four years ago.

If the UK market goes on to reach Continental usage levels, according to the latest Euromo-nitor report on the baby market, sales could soon be worth in

excess of £400m, and well over £500m by 1990.

The increased market for disposables will arise not just from the switch away from terry towelling. The number of live births in the UK is also expected to start increasing again from 727,000 in 1984 to 807,000 per cent by 1990. This is as the children of the 1980s baby boom start their own families.

boom start their own families.

West Germany 90 per cent and in the US 75 per cent.

But then, after years of promotional effort, mothers in the UK suddenly began in the early 1980s to succumb to the attractions of the throwaway product and the market has been growing sharply ever since.

Last year, UK sales increased boom start their own families.

According to Euromonitor's researches, Peaudouce's Babyslips have a 23 per cent share.

The product of the followed by Goots's own label which has a 19 per cent share. In all, own label brands have a 44 per cent share.

This happened in spite of the fact that last year, P & G apparently more than doubled its advertising spend in the UK to £5m. But this outlay was topped by Peaudouce which spent £6m last year (compared with just £159,000 in 1985) and is planning to spend a further £6m

this year.

Besides advertising and promotion, the battle for market promotion, the battle for market share is also being fought with improvements to the basic product such as resealable tabs, elasticated legs (important for preventing leakage) and resealable waistbands.

The next battleground—which is unlikely to be confined to the JIK but extend to the

which is unlikely to be confined to the UK but extend to the whole of Europe—is expected to involve diapers incorporating superabsorbents. These are acrylic or starch chemicals which are added to the core of the diagram of the core of the core of the diagram of the core of th

which are added to the core of the diaper either as a loose powder or fixed by adhesive to a sheet or web, because of their ability to soak up many time their weight of liquid.

The advantage of superabsorbents is that they allow the introduction of a much thinner, less bulky product which is of benefit to the look of the baby and also suits retailers, who have long been concerned at the amount of shelf space occupied by disposable diapers.

by disposable diapers.

In Europe, there has been a reluctance to introduce superabsorbents not least because of general concern over placing a chemical, albeit one protected by a nonwoven, within reach of

The problem is said to be theoretical "The baby would have to chew and swallow the whole diaper to be adversely affected" as one specialist put it. And, by all accounts, P & G is test marketing its proposed range of superabsorbent dispos-ables for the UK in the Channel

Whether they will enable P & G to wrest market leadership back from Peaudouce remains to be seen. It is an intriguing prospect. But equally, there is no guarantee that superabsor-bents will sweep the board in Europe. The relationship between a mother, her baby and diapers is a complex one—as the slow development of the disposable diaper market in the UK compared with other parts of the world has so vividly

250 Em (retail prices)

1979

200

Disposable nappy market

UK market



Coverstock

Polypropylene wipes the floor

Procter and Gamble began marketing a disposable diaper with a porous nonwoven coversheet of polyester. The new diaper, which was backed with heavy promotion was able to the process of th heavy promotion, was able to offer new levels of dryness pre-viously unobtainable in disposable or traditional diapers.

The net result was a wholesale shift out of viscose covers into spun and thermally bonded polyester coverstock which guaranteed that the baby continued to feel dry. However, the revolution still

did not stop there. In the short space of five years, polyester itself has as been largely dis-placed, in the US and European markets at least, by a nonwoven coverstock of thermally or spun

coverstock of thermally or spun bonded polypropylene. Polypropylene has the advan-tage of being a cheaper fibre than polyester. It also bonds at a lower temperature and is 100 per cent hydrophobic, whereas polyester does absorb 1-2 per cent moisture.

Robin Reeves

These days, supplying coverstock to the disposable diaper and sanitary napkin market is

Even so, everyone agrees that there is overcapacity and that the whiphand currently lies with the buyer rather than the seller. A number of companies have decided to abandon it as

essentially an unprofitable business long-term.

The industry is coy about quoting prices but no-one quarrels with the suggestion that coverstock prices have fallen by some 25 per cent over the past 18 months; even if this partially reflects a decline in oil and energy prices.

Polypropyiene coverstock is produced essentially in one of two ways—either by spun bon-ding or dry laid thermal bon-ding. In spun bonding, pellets or granules of polymer are melted into an extruder, and passed into an extruder, and passed through a spinnerette. The material is then stretched with the help of pressurised air before being laid down by a suction belt to create a fleece for bonding. Dry laid producers using traditional carding machines lay down a fleece of polypropylene fibres prior to bonding.

Enrope currently has four

Europe currently has four principal suppliers of spun-bonded polypropylene non-wovens for the coverstock mar-ket. Leading the field are two German producers, Freuden-berg, the pioneer of the non-German producer acquired las year by BPB, the British building materials group. Both have recently doubled their polypropylene spunbond capacity to 15,000-16,000 tonnes a year Third is a Swedish company Holmens Bruk, which two years ago signed a technical know-how agreement with a leading US producer, Crown Zellerback (acquired last year by the James River Corporation! It now pro-duces 7,000 tonnes a year of

1986 Japanese market

Catching up with

(Figures in brackets percent

ONE OF the few glimmers of case of EEC countries, Japan Vilene more than doubled its light in Japan's textile industry was a net importer in volume capital in 1985 from about is the nonwoven sector. While many of the mainstream synthetic fabric manufacturers are suffering from falling sales and shrinking margins, the non-woven sector continues to grow at a steady 7 per cent of so a

Production, which in Japan is mostly of the dry laid type, total-led 104,553 tons in 1985, com-pared with 76,845 tons in 1981. The industry is being cushioned from the effects of the strong yen, since it does not rely on export markets for a healthy bottom line and imports very little of its raw materials.

In 1985, the last full year for which statistics are available, make sophisticated items. Only net nonwoven textile exports recently have companies and any oven textile exports recently have companies totalled 3,058 tons, or 7.9bn yen. attempted to come to grips with In particular, all is quiet on the US front, since its any other the versatility of rayon than the versatility of rayon the US front, since its any other than the versatility of rayon than the versatility of rayon the versatility of ray US front, since its exports to used extensively in nonwovens Japan continue to outstrip its worldwide—but now then imports by a wide margin 1—44.

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QUALITY

NON

WOVENS

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terms in 1985, but a net exporter in value terms because of the small quantities of high valueadded products it ships, such as synthetic leather.

Commented Mr Sadao Tswchibayashi, managing director of the Japan Nonwoven Fabrics
Manufacturers Association:
"Exports are not a problem.
They account for only about 13 per cent of production in ton-nage and about 23 per cent in

Fibre makers have almost caught up with the West, either manufacturing under licence or using their own technology to Japan continue to outstrip its worldwide—but now they are imports by a wide margin. In the imports by a wide margin. In the heavily in production facilities. Processing knowhow too came largely from overseas spun bonding from the US, and resin bonding and needle punch from Europe.

Dominating the market is Japan Vilane company. A joint venture between Dainippon Ink & Chemicals Inc., Carl Freudenberg of West Germany and Toray Industries Inc., which was set up in 1960, it accounts for around 50 per cent of Japan's overall output of nonwovens and claims a wider range of applications than any of its

But it is more concerned about competition from woven textiles for products like air filters and garment interlinings than from its own kind.
Explained Mr Yoshio Sugaya,
Vilene's general affairs manager, "Although interlipings
were made only of wovens 15 years ago and have now lost 50 per cent of their market in Japan to non-wovens, traditional products can still be a threat'

Aware that investment is necessary if it is to keep ahead.

Y2.3bn to Y4.7bn to finance a reorganisation of its research and development operations. It is consolidating the division into two complexes—one in the western Kansai region for basic research and the other in the Tokyo area for applied.

It is questionable which pro ducts have the greatest poten-tial. Some sources argue that the medical sector is in front, while others say the Ministry of Health and Welfare is hamper Health and Welfare is nampering the market. They accuse the authorities of being slow to grant approval for products made with new technology such as Asaki Chemical's spun bonded cuprammonium to be sold over-the-counter with medical insurance cover. Asaki's cuprammonium gauze finally got the go-ahead last November.

According to Mr Tsuchi-bayashi, the industrial and household sectors hold the greatest promise. "In the US and Europe, more than 50 per cent of nonwoven products are disposable, whereas only 15 to 20 per cent are here. The con-cept of disposables is not as deeply ingrained."

The disposable diaper market has started to grow. Disposables have penetrated an estimated 32 per cent of the potential mar ket in Japan, having progressed especially rapidly in 1985. But they are still a long way behind the penetration rates in the US and Europe, and have plateaued recently, perhaps because prices have not come down far enough.

Nonwovens for diapers prob ably earn the biggest margin of all applications at the moment, but analysts do not expect this to last as the market matures and absorbent chemicals become a more important component to satisfy retailers seek-ing more from their shelf space and mothers (and babies) seeking less bulk.

Barbara Casassus

spun bonded material for this market. Fourth is Alsace-based Sodoca, a subsidiary of the Swiss Holzstoff group, which has about 5,000 tonnes capacity. All four compete against dozens of dry-laid polypropylene cover stock producers who, until recently, could argue that their method of production produced a more even, stronger coverstock with a softer feel than the spunbonded material, which has tended to be flatter

and firmer. But both Freudenberg and Corovin say that their new capacity is producing cover-stock with a softness equal to that of dry laid material. Corovin is also particularly proud that its new coverstock material is isotropic; that is, it has equal strength in all directions. Some in the industry believe spun bonded material must eventually take over the whole

diaper, hygiene and inconti-nence coverstock markets, integrated, and therefore ultimately grated, and therefore binancely cheaper process. Dry laid producers, the argument goes, are only surviving because of the high capital investment required to create new spunbonded capacity.

There are others who say that the introduction of supershoot.

the introduction of superabsor-bents will change thinking about the coverstock once again—that the barrier prop-erties of the material will take on renewed importance and that this will favour the dry laid

that this will favour the dry laid product.

On the other hand, it is not inconceivable that polypropylene nonwovens will be displaced from the coverstock altogether, like viscose rayon and polyester before it. Certainly, many nonwoven producers are convinced there will be further major changes in the make-up over the next few years. The diaper has already become a highly engineered



Mr Norbert Dahlstroem. managing director of Freudenberg, and current chairman of the European Disposables and Nonwovens Association, EDANA: "Better statistical information is now vital for future investment in the industry."

structure compared with just a

few years ago.

Such an important market for Such an important market for the nonwovens industry could equally well be radically altered by environmental press-ures. Two bills were recently laid before the state legislature of New Jersey in the US which propose banning the sale and distribution of "any infant or personal care, or feminine hygiene, product that is com-posed... of plastic or other non-biodegradeable material." biodegradeable material."

Were such legislation to be passed and be adopted else-where, it would clearly mean yet another major upheaval in the make-up of the diaper.

Robin Reeves



Palexpo-Geneva Exhibition and Conference Center, Geneva

Calendar of events 1987

5.-15. 3. 57th International Motor Show

31.3.- 3. 4. *INDEX 87-International Trade Fair for the Nonwovens and Disposables Industries, with conferences

3.-12. 4. 15th International Exhibition of Inventions and New Techniques with parallel exhibit INNOFINANCE -**Exhibition for the Advancement** and Finance of Innovation

28.4.- 2. 5. TRANSPUBLIC 87 -International Show of public transport and community services, with conferences

5.- 9. 5. *OENOTECH 87-International Oenology and Viticulture

Trade Fair including a sector for Wine Producers, with conferences 9.5. 17th International Toys and Model Cars

Exchange

13.-17. 5. The Geneva International Fair for Books and the Press

19.-22. 5. * TECHNOBANK 87-International Exhibition of Technologies and Services for Banking and Finance,

8.-12. 9, *Salon international de l'énergie 87

with conferences

with conferences

26.-27. 9. International Minerals Fair

20.-27.10. TELECOM 87-5th World Exhibition

for Telecommunication, with conferences 18.-29.11. Geneva Fair -

35th Ideal Home Exhibition 10.-13.12. 15th Geneva Antiques Fair,

with Stamp Exchange

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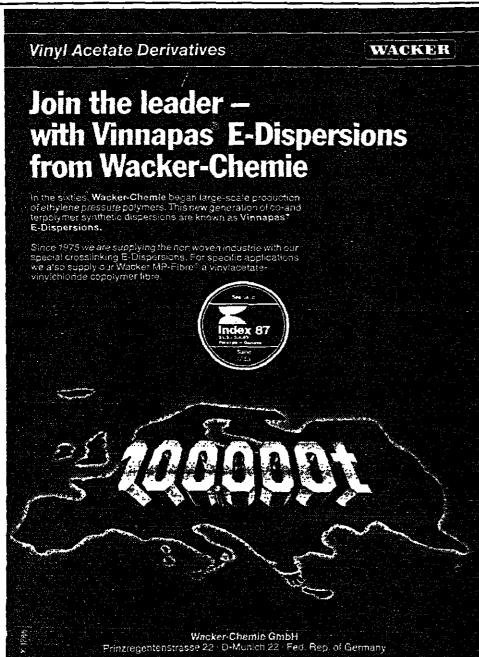
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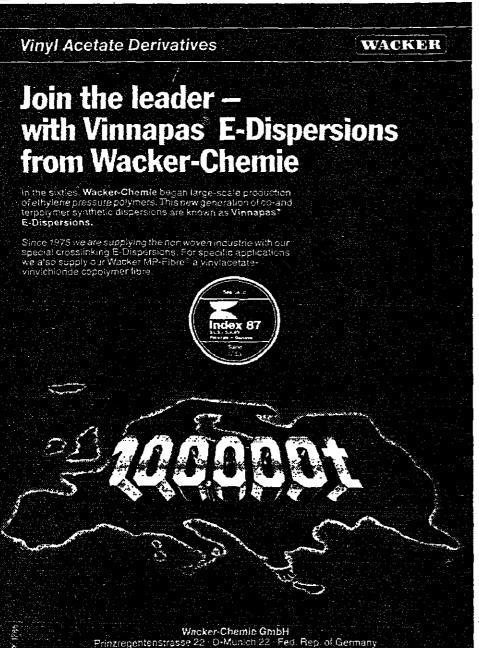
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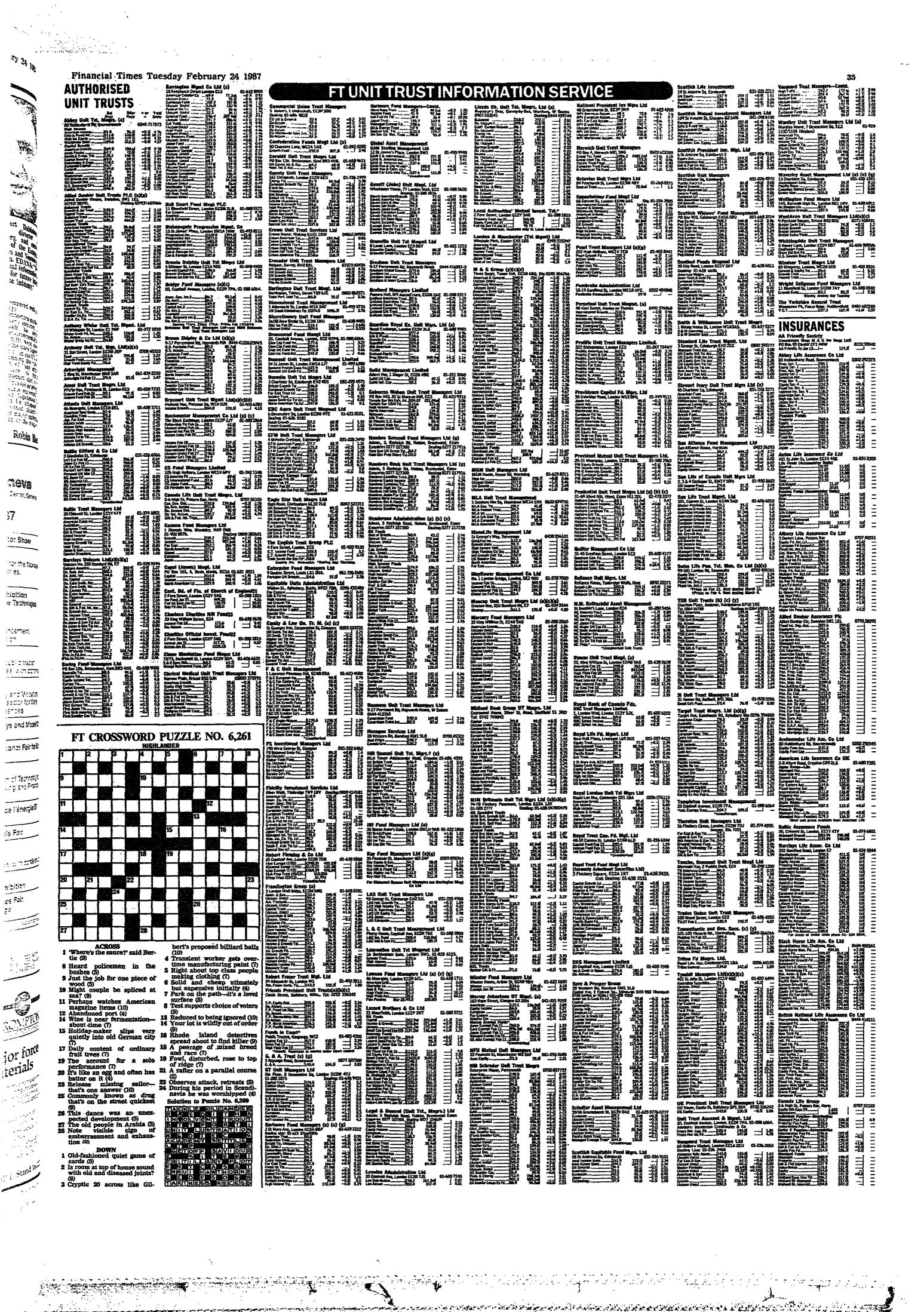
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CHICAGO

LIVE CATTLE 40,000 fb. cents/lb

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LME copper stocks plunge to 8-month low

By Stefan Wagstyl

SHORTAGES OF copper in North America have sent consumers foraging across the Atlantic to buy metal, causing a dramatic fall in stocks at the London Metal

Stocks LME warehouses fell 13,100 tonnes last week, the largest weekly fall since February 1984. This followed substantial 6,950-tonne reduction the previous week.

Prices were not affected by Prices were not affected by the news, however, because traders had been aware of the shipments leaving official warehouses. Metal for imme-diate delivery closed £13 down at £922.50 a tonne. One trader said that a number of merchants had recently been sifting through the market's stocks—buying material and stocks—buying material and retaining better quality metal for sale and returning the

Some dealers blamed the shortage of copper in North America on the prolonged dispute at the Horne smelter in Quebec, which was expected to end yesterday.

About 800 Horne workers, employed by the Noranda mining group, were dut to vote on a settlement plan. The 240,000-tonne-a-year plant has been running at about 10-20 per cept capacity since the strike began in early November.

Traders are divided over whether prices will slip back if the settlement is agreed. Some maintain that stock shortages persist, pointing out that LME stocks are at their lowest, at 151,175 tonnes, since last June. Others argue that there will be sufficient material to meet demand, particularly after Noranda's output recovers. The company's Montreal refinery has been unable to fulfil all its January and

February orders.

Meanwhile, LME stocks were also down in the aluminium market, where shortages of supplies for immediate delivery have been driving up prices. The total feel \$225 tenes to \$27.475 fell 8,225 tonnes to 97,475 tonnes, the lowest since September 1981.

Traders said some pro-ducers and merchants were playing the rapidly-growing market in aluminium options, which are traded off the floor of the exchange and so are difficult to control. Some dealers and LME officials believe prices can be forced up artificially in this way by creating an exaggerated imchanges are planned when the LME introduces a clearing house trading system in May.

Canadian coal mine's future in the balance

BY BERNARD SIMON IN TORONTO

THE FUTURE of the troubled above prevailing market prices. Quintette coal mine in northThe Japanese also exercised a right last year to reduce purbalance as the mine's Japanese chases by 5 per cent, cutting the mine's metallurgical coal shipments to 4.8 m tonnes in the year to April 1 1987. Mr Stephen Roman, chairman The Japanese steel industry's of Denison Mines of Toronto, financial problems and protests

tor of the mine, warned the favourable terms granted to company's annual meeting that company's annual meeting that the project today can be sure on the Canadian mine to scuttled by all partners in it, but mainly by the Japanese steel industry and the banks."

The steel industry and the banks. The steel industry and the stee

cuts on Quintette and on the the m banks to accept a rescheduling close. of Quintette's C\$800m (£394m) Amodebt. Talks have begun between Denison and the Japanese on contract terms for 10 to

which is half-owner and opera- from other coal suppliers at the

Mr Roman's remarks are cuts in contract prices will interpreted as an effort to discourage the Japanese from mine's 56 lenders. He warned forcing new volume and price that, without such concessions, the mine will be forced to

debt. Talks have begun between Denison and the Japanese on contract terms for the delivery year starting on April 1.

Quintette, Canada's biggest coal mine, has been plagued by financial and operating difficulties since it opened three years ago. Japanese steel mills, which have a sizable minority share holding in the project, have

holding in the project, have protected it up to now by paying Quintette a much higher price than other suppliers.

The mine took an C\$8.50 price cut last summer to C\$93.50 (US\$69), which is still well in the project project project in the project proj

Gulf states agree oil aid for Qatar

BY RICHARD JOHNS

of Petroleum Exporting Countries' production sharing agreement to market their output.

the end of their meeting in potential will help other (GCC)
Doha, Qatar, on Sunday was countries that might be unable seen as a gesture of support to market their full production for Qatar which faces a drastic fall in orders for its crude. Oil of quotas. They also made a veiled reference to the breach industry executives, however, of quotas by the United Arab face sceptical whether the other Emirates and Kuwqit clearly indicating that the sensitive five producers in the group— indicating that the sensitive Saudi Arabia, Kuwait, the subject had been broached United Arab Emirates, Oman direct. "Successful consultaand Bahrain—can in practice do tions were in progress to restore

OIL MINISTERS of the Gulf Qatar is likely to average Co-operation Council have only 180,000 barrels a day in agreed on mutual assistance programme to help members which cannot fulfill their quotas under the Opec pact of cargoes have been "nomiquotas under the Organisation nated"— or ordered—for

ries' production sharing agreement to market their output.

A statement issued by the Ministers said: "Any (GCC)
The decision announced at country that has the marketing anything to assist the struggling production to the prescribed producer. producer. the statement said.

Moscow buys US maize as 'gesture'

tonnes and possibly as much as 2m tonnes of maize from the US US grain trade sources said administration is willing to as a "gesture" prior to talks they were informally contacted make another offer of sub-beginning later today on the last week by Soviet grain buyers, sidised wheat to Moscow follow-

The traders said the Soviets may have purchased US maize in part to entice the Reagan Administration to make another offer of wheat under the Export Enhancement Program.

There has been no official confirmation of the sales by the Department Department Sidy offer would have to make wheat price-competitive

THE SOVIET Union is believed ing and speculation that the to have recently purchased 1m USDA may offer Moscow subsi-

dised wheat.
US grain trade sources said long-term grain agreement, who indicated that Moscow was according to US grain traders, reports Reuter from Washington.

The traders said the Soviets

Later today on the last week by Soviet grain described in buying US grain.

Mr Joe Halow, executive director of the North American Export Grain Association, said the Soviet Union is interested in an EEP wheat offer from If the administration offered

the wheat, "I think they would

(USDA), although on Friday it US wheat price-competitive announced a sale of 150,000 with other offers. They noted

interested, grain traders said they are uncertain whether the

ing the abortive offer last year. USDA officials contacted representatives of some major grain trading firms last week to ask if the traders believed the Soviet Union would buy US wheat under any export enhancement programme offer,

grain trade sources said. But there has been no 134 from senior administration officials whether such an offer is seriously contemplated.

A senior aide to Mr Richard Lyng, the Agriculture Secre-tary, said on Friday: "I do not tonnes of maize to an undisclosed destination.

Grain prices rose last week on rumours of Soviet maize buy
of only \$13 a tonne.

They have the USDA was criticised tary, said on Friday: "I do not last year for setting the Soviet see us proposing that (EEB) as a carrot unless the Soviets express an interest in it first."

1988. Mineable reserves at Cadjebut are put at 2.5m tonnes containing 14 per cent zinc and express an interest in it first."

Consumers seek coffee quota shake-up

By Andrew Gowers

COFFEE IMPORTING countries yesterday signalled their readiness to negotiate for the rein-troduction of quota controls on the market, which has been operating freely for more than a year, but proposed what amounts to a significant shake-up among exporters.

At the start of a meeting of At the start of a meeting of coffee producers and consumers in London, officials from the importers presented a new proposal for carving up the market among exporters on the basis of their average exportable production between 1980 and 1986. However, producers—studying the plan last night—seemed likely to oppose it on the grounds that it was arbion the grounds that it was arbitrary, and that it tampers with the delicate political calculations underlying their market shares.

The consumers' proposal apparently seeks to reduce the to Brazil, the largest producer whose 1986 crop was cut sharply by drought damage, and to increase the share given to Colombia, the second largest producer. It would also benefit Indonesia, which has long claimed that it has an unjustifiably low quota, and disadvant-age the Ivory Coast.

Export quotas—the main mechanism for regulating the coffee market under the International Coffee Agreement— were suspended last February when prices were soaring as a result of the Brazilian drought. Prices have since slumped, however, and exporters have been pressing with increasing urgency for the reintroduction of export restrictions as a safety

Before agreeing to this, the consumers made clear yester-day, they want more flexibility and fairness introduced into the quota system. The producers have proposed keeping shares unchanged and setting a total export quota of 58m bags (60kg each) for the 12 months from March 1. They said this sug-gestion was still on the table yesterday.

Under the consumers' pro-posal, quotas would be calcu-lated in two parts: one fixed and based on exportable production in the coffee years (Sept-Oct) from 1980-81 to 1985-86; the other variable and based on recent verifiable

Before taking into account small exporters' shares, this would give Brazil a share of 28.8m bags compared to its curvs 16.13m; Ivory Coast 6.59m vs 7.68m; and Indonesia 5.83m vs

Australian lead-zinc mine planned

THE BROKEN Hill Proprietary Company and Billiton, a Royal Dutch/Shell Group subsidiary, are to develop the Cadjebut lead-zinc deposit in Western Australia, reports Reuter from Melbourne.

The mine, in the West Kimberley region, will produce 44,000 tonnes of zinc and 13,000 tonnes of lead contained in concentrates annually, BHP said. BHP will own 58 per cest and

Billiton 42 per cent. Mining of 320,000 tonnes of ore a year will begin early in 1988. Mineable reserves at Cadjebut are put at 2.5m tonnes

communist states.

I do not think it sensible to

suggest, as some do, that the small farmers of the Community can be bought off with income aids. As a farmer well

past retirement age myself. I would be horrified to be for-cibly pensioned off and can well understand that this option has

little merit in the eyes of Euro

LONDON **MARKETS**

SENTIMENT ON the London

robusta coffee futures market

remained subdued as traders awaited esigns of progress at the International Coffee Organistation talks on the resumption of export quotas, which began at the ICO's London headquarters yesterday. Bulls seemed to gain some encouragement, however, from reports that the consumers were willing to negotiate on quota shares, having already rejected a producer proposal for unchanged national allocations. This helped to lift the

cations. This helped to lift the market somewhat and the May position ended the day £16 higher at £1,527 a tonne. On the London Metal Exchange lead values drifted lower, in spite of the almonneement of a biggish fall in LME warehouse stocks of the metal last week. And zinc succumbed to increasing downward pressure, falling £5 to £421.50 a tonne in the cash position. That fall was influenced by sterling's gains anging the dollar and a modest rise in LME stocks last week.

last week.

IME prices supplied by

Amalgamated Metal Trading. ALUMINIUM

1				
		Unofficion close (p.r £ per	n.) — tunna	High/Lov
	Cash 3 months	859-60 850-1	-1 4.85	866/846
	(847-56); settlemen	closing three mo t 871.5 648-846.	(em): C eths 861.6 (856). F Turnover	-2 (846-7) inal Ker

COPPER

Grade A	Unoffic's	+ or	High/Low
Cash 5 months	922-3 924-4.5	-13 -7	934/934 937/980
Official ci (926-8.5); ti 8.5); settle Kerb Close:	hree mont ment 934.	ha 93	ish 934-4.5 3.5-4 (928- 8.5). Final
Standard Cash 3 months	887-90 899-902	-5,5 -9,5	-

Official closing (sm): Cash 897-900 (897-90): three months 908-11 (902-5); sattlement 900 (890). US Producer prices 68.5/70 cants per pound. Total

	Unofficial close (p.1 £ per	+ от п.) — tonna	High/Low
Cash 3 months	398-9 399-800	9.75 -1	301/300 502,5/899
(296-9); 8.25); s Karb Clo	three inc etlement se: 298-2	inthe 30 301.5 (2 39. Turn	esh 301-1.5 0-0.5 (298- 299). Finel over: 8,025 cents per

:	Unofficial + or close (p.m.) - £ per tonne	High/Low
Cash 3 months	2460-5 30 2475-80 15	2470/— 2490/2470
{2483-5}; 500}; set!	closing (em): C three months 24 ement 2475 (24 e: 2465-2475. Tur	80-1 (2499- 185). Final

ZINC		
	Unofficial + or close (p.m.) — £ per tonne	High/Lor
Cash 5 months	481-2 5 475-6 4	480/475
(484-6); ti settlement Close: 474	closing (am); Ca: tree months 479-8 486.5 (486). F -975, Turanver: 74 Western: 38.5/44	0 (477-8) inal Kar 50 tonnal

Kuzia Lumpur Tin Market: Closs 16.99 (16.96) ringgit per kg. Un-changed.

GOLD

Gold rose \$4 to \$4003-406 on the London buillon market yesterday. It opened at \$4003-406 and was fixed at \$402 in the animon. The metal touched a peak of \$405-4065 and a low of \$401-402. Dealers said the general trend in London was weaker, as gold failed to maintain the levels seen in New York on Friday following naws that Brazilis to suspend payments on foreign debt.

GOLD BULLYON (TING OU	700) 100.20
Close 94051; 404 Opening 54041; 405 M'n'g fix 5403.00 Aft'n'n fix \$403.20	(£262-2621 ₂) (£2631 ₄ -2633 ₄) (£262-114) (£261,618)
GOLD AND PLATIN	UM COIMS
Am Eagle. 8418-420 Mapieleaf 8413-14-16-1 Krg*Pnd. 8404-407	(£3694-3734) (£3684-370) (£368-364) (£1675-1364) (£701-71) (£3664-2684) (£3654-334) (£621-534) (£5314-5434) (£547-3584)

SILVER

SILVER per troy oz	Bullion Fixing Price	+01	LM.E. p.m. Unoffic't	+ 4
Spot	356.30p 365.45p 374.40p 392.26p	+0.95 -0.05 +0.10 +0.10	365.5p 364.5p	_1

- 	Y'stard' ys close	+ or -	Business dons
April	779.0-710.5 110.5-110.8 112.0-112.5 115.1-115.8		110,5-110, 111,0 112,5
Salas: 13	(384) Jots	of 20	tonnes.

PUTURES—Live cattle: Feb 96.50, April 97.00, Pige: Feb 96.30, April 95.80, June 95.80, Aug 94.80, MEAT COMMISSION—Average fatack prices at representative merkets: GB—Cattle 93.24p per kg lw (+0.77): GB—Sheep 176.88p per kg est dcw (+1.32); GB—Pigs 76.68p per kg lw (+0.71).

INDICES

REUTERS Feb. 25 Feb. 20 M th ago Year ago 1586,4 1578.7 1622.7 1817.7

DOW JONES

Spot 114,50114,14 - .127,14 Fnt .115,58113,61; - .132,74 (Basa: December 31 1931 = 100)

MAIN PRICE CHANGES

man co	YL V.	T-M-E	صي
METALS	Feb. 33 1967		Month ago
Aluminium Free Market	\$1400/4 <u>2</u> 0	+40	\$ 255/25
Copper,	12924.25	-7.0	£877.5 £899.2
Gold Troy OZ Lead Cash 3 mths	E298.0	-8.70	\$409.7 £290.6 £292,5
Nickel	172/192c 8118.50	I + D.40	15124. 8
Platinum oz Quicksilvert	8516,50 8175/185 356.80p	+0.75	81528.0 8156/18 361.45
7ree Mkt	365,45p £4438/460	0.06 10	24470/50
Tungsten Wolfram 22,015 Zinc	839/45 2481,5	<u></u> 5	\$45,18 \$35,48 £489.5
3 mths	£475.5	<u>-4.0</u>	£485.6

Producers 8778/20 5820

h/Low 6/846	Barley Fut, May Malze Wheat Fut, May No. 2 Hard Wint OTHERS	£143.50 £118.85	+ D,85	£143. £114.
146-7); Kerb 12,750	Cocca Ft. May Coffee Ft. May Cotton A lod." Ges Oil Apr. Rubber (kilo) Sugar (raw) Wooltops 54s	£1839,5 £1587,0 65,60c 8148,0 61,00p \$182,5z 422p kilo	+16.0 +0,89 -8.25 -1.76 -1.5	£1389 £1602 57.0 \$158 64.75 \$172 421pk

† Unquoted. † Per 76-lb flask. c Centr pound. * Cotton outlook. y Feb arch. y April. z March-April. x April

COFFEE

With an ICO meeting yesterday the market traded cautiously with everybody looking for fresh direction from the discussions. Price-fixing by midmorning took levels some 230 shove Friday's close, the buying secontered trade selling and light profit-taking to close the day only £14 highs in moderate volume, reports Drexel Burnham Lambert.

Sales: 3,889 (5,829) lots of 5 tonnes. (CO indicator prices (US cantz per pound) for February 20: Comp. daily 1979 112.68 (110.23); 15-day average 114.99 (115.38).

Futures today traded in a (imited range and ended a rather dull day marginally lower than the pravious close. Physical interest was seen only in the secondband merket with producers and consumers prapared to stand aside at create levels. reports

Oct. 53.55 55.57 65.55 65.57

Gill and D	envs.			
COCOA	Yesterday's close	+ or	Busines done	
CUCUR	2 per tonne			
March	1308-1309	-5.5	1518-150	
Jul y	1359-1340 1366-1367	-3.0	1648-1661 1676-1661	
Sept	1390-1392 1416-1417	- 4,6 3,5	1400-188 1424-141	
March May	1443-1445 1463 1464	-3.5 -3.0	1452-1440 1470-1480	
	2,704 (3,011		of 10	

POTATOES

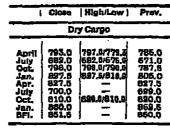
		-		
TY.	'esterda)	'a Previ	ous (B	usiness
Mooth !	close	1 cto	<u> 60 </u>	done
		er tonne		
ADT	165,70 172,80	150.60	758,90	
May	179,80 89,00	168.00	175,00	-169,00
Feb	97.50	98,05	100.00	-88,54
Apr	117.00	116.50	117.0	
Salas	1 359 /1 /	C2A) Inte	of 40 :	ORGAN

SUGAR

No. 6 Con- tract	Y'sterdy's close	Previous closs	Business done		
3 per tonne					
Mar		168.8-168.2			
May		174.4 174.8 177.0-177.0	174.8-198.8		
Aug			178.9-178.0		
Oct Dec			177.0-178.2		
Mer		185.2-185.8	177,35-170,2		
мау		TBB.0-190.4	185.0-182.0		
M03:	1 100-0-100-0	4 100-4-146-4	100,0"102,0		

\$182.50 (£178.00), down \$1.50 (down £1.50) a tonne for March-April delivery. White suger \$207.00, up 50c. Sales: 1,954 (4,960) lots of 50 Write sugar scor.co. op soc.
Sales: 1,954 (4,950) lots of 50
tonnes.
Tate & Lyle delivery price for granuisted basis sugar was £225.0 (£226.0)
s tonne for export.
International Sugar Agreement—(US
camp per pound fob and stowed Caribbeen porta.) Prices for February 20:
Daily price 7.17 (7.14): 15-day average
7.37 (7.36).
PARIS—(FFr per tonne): May 1281/
1295, Aug 1296/1310, Oct 1325/1325,
Dec 1360/1370, Mar 1395/1410, May
1430/1445.

FREIGHT FUTURES



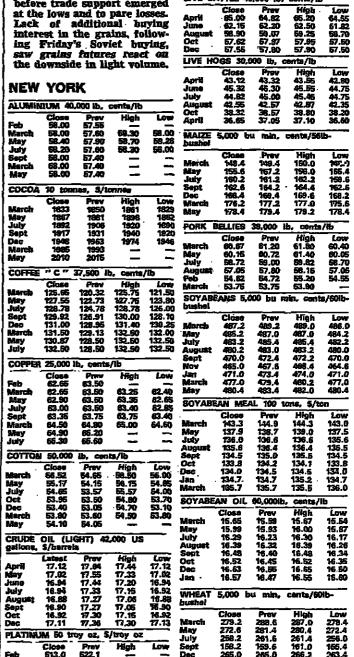
Turnover: 353 (224).

RUBBER

PMYSIGALS — The London market opened slightly easier, drifted lower through the day and closed week, reports Lewis and Pest. Closing prices (buyers): Spot 51.00p (62.75p): March 62.00p (64.00e): Kuels Lumpur fob prices (Meleysian cente a kilo): RSS No 1 226.0 (227.0) and SMR 20 197.0 (199.0).
FITURES—Index 628, March 657-657, April/June 663-673, July/Sept 573-883. Sales: nil.

US MARKETS

| Harch | House | Hous IN a reaction to Friday's upside breaks, the metal markets closed lower on the day, report Drexel Burnham Lambert Local and trade selling in gold futures was insufficient to break support insufficient to break support in advance of stops around 403.50 basis April, it closed with pared losses. Platinum futures trading was dominated by locals, with weaknesses punctuated by short-covering rallies, whilst weakness in silver uncovered ness in silver uncovered trade support. Copper futures followed both the gold and platinum, with Commission House and trade selling touching off stops at 626.5 basis March before trade basis March before trade support railied prices off the lows. Trade and Commission House selling in crude oil futures, reficeting heavy liquidation and fresh shorts entering the market, kept proces under pressure, although support was evident at the lows. Prospects of an at the lews. Prospects of an early renewal of the ICO agreement prompted fresh short-covering in coffee futures to continue the recent rally. Speculative liquidation in cocoa futures coupled with in cocoa futures coupled with light trade selling depressed values — volume was inflated by the posting of over 3,000 AA's (against actuals). Early Commission House liquida-tion and trade price-fix sell-ing saw sugar futures fall before trade support emerged before trade support emerged at the lows and to pare losses. Lack of additional buying interest in the grains, follow-ing Friday's Soviet buying,



GRAINS

Old crops steaded on lack of offers and the absence of any great retender pressure on March due to a lower than expected first day tender figure, closing fully steady and renewed shipper buying while barley elso firmed on marchant short covering. New crops also firmed on apec buying, reports T. G. Roddick.

PLATINUM 50 troy oz, \$/troy oz

WHEAT WHEAT Yest'rdy's + or Yest'rdy's + or close - close -

Business done — Wheat: March 117.50-5.65, May 119.10-8.40, July 121.00-0.50, Sept 99.70-9.50, Nov 101.85-1.75, Jan 104.75-4.70, March 107.05 only, Sales: 483 lots of 100 tonnes. Barley: March 115.55-4.55, May 117.85-7.05, Sept 98.75 only, Nov 100.95 only, Jan 103.65 only, Sales: 95 lots of 100 tonnes.

So lots of 100 tonnes.

LORIDON GRAINS—Wheat: US dark northers spring No 1 15 per cent Mar 101.50, April/May 99.50, June 98.50, US Na 2 soft rad winter Mar 105.25, July 92.50. French 11½-12 per cent Jen 142.50. English feed fob Mar 119.00/119.75, April 120.50 buyer, April/June 121.75/122.50, Sept 101. Oct/Dec 105.00 sellers. Malzet: US No 3 yellow/French transhipment east coast Feb 143.50. Barley: English feed fob Feb 117.00 seller Peterhead, Mar 119.00 buyer Montrose/Aberdeen, 118.00 seller Peterhead, April/June 121.00 seller Peterhead, April/June 121.00 seller English/Scottish, 122.30 seller English, Aug 100.60. Sept 101.50, Oct/Dec 105.00 sellers English. Rest unquoted.

HGCA—Ex-farm apot prices: Feed Wheet: Eestern 117.00; E. Mide 116.00. Feed Barley: E. Mide 115.50; N. East 118.80. The UK monetary coefficient for the week beginning Monday, March 2 (bassed on HGCA calculations using A

the week beginning Monday, March (based on HSCA calculations using days' exchange rates) is expected to be unchanged.

At the London tea auction 38.808 packages were on offer including 5.000 packages in the offerbore section, reports the Tea Brokers' Association. A good demand preveiled. Selected coloury Assams and many plainer sorta ruled firm but mediums were irregular and frequently 2-4p easier. Bengladesh tess remained a rether weak isature but were about stoody where sold. East Africans came to a strong marker, with brightest lines initially 5-10p higher, closing fully time, and mediums 2-4p dearer. Central Africans also sold readily and the majority goined ground. Ceylons were well supported and brighter teas put on 2-4p with the remainder little changed. Offshore tess met strong demand and generally moved 2-5p dearer. Quotations: quality 180p a kg nominal

OIL

OIL

On the spot market yesterday the Brent Bland oil price ended 35 cents higher at \$16.925 a barrel, wiging out Friday's rise.

April Brent opened at 17.30 but came off quickly to 16.90. Dubal remained relatively firm but trades thinly. April WTI opened 29 down on Nymex and traded 35c down at 130 pm EST. In the patroleum products market prompt gasoii weakened on withdrawn buying interest and naphtha weakened on the back of crude, Gasolina and fuel oil were both quiet. Patroleum Argus Landon.

Latest + or — CRUDE OIL—FOB (Sper barrel)—Mar.

CRUDE OIL-FOB (Sper barrel)-Mar. PRODUCTS—North West Europe Prompt delivery cif (\$ per tonne)

170-175 — 139 141 —1 86-87 — 154-156 —1 Petroleum Argus estimates

GAS OIL FUTURES Month US 8

-3.00 144.25-35.50 -2.25 145.50-40.50 -3.00 145.00 49.00 -1.75 144.08 40.00 -2.50 140.50 Turnover: 3,779 (2,699) lots of 100

HEAVY FUEL OIL

Month	Yesterday close	+ or	Business Done		
Mer Apr May	US 8 per tenne 87,00 85.00 79,50	1.00 0.75 4,00	87,0a —		

Tumover: 1 (7) lots of 100 tonnes. COTTON

LIVERPOOL—Spot and shipment sales for the week amounted to 485 tonnes against 570 tonnes in the previous week. Fair trading with interest shown in Chinese, Russian, Turkish, Colombian, Israell and East and West African varieties.

The growing voice of the small farmer alternative to the prole-tarianism of the neighbouring

DR DAVID Owen, leader of Britain's Social Democratic Party, recently suggested to a farming audience in the Cotswolds that one cure for the EEC cereal surplus would be a two tier support system, with the guaranteed price being paid only on the quantity actually needed to satisfy existing demand, and the balance being paid for at the world price. There was no point, he suggested, in encouraging farmers to grow any more than was needed.

He was quite soundly reviled for his pains, and I have not seen any reference to it in the SDP's electoral package. But there is no doubt that the idea is under discussion, both in Britain and abroad. In fact there is a group of what might be called the low subsidy producers which is trying to per-suade the EEC and the US to

ment according to size of enter- designed to can be put down promised to try and do some certain countries.

most European countries, partiEuropean small farmers are the
thing about it. It obviously In Europe, where farms are
thoped the problem would go generally much smaller than in
it is regarded as a suitable find hard to accept.



in order to protect the larger

organisation but its subscriptions are based on acreage, and the larger farmers who would suffer most under any differen-tial payment system, would not The argument of Mr Pullin farmers.
and those who think like him is Here

away, but it did not, and Mr
Jeff Pullin, a West country
farmer, recently had a blazing
row with Mr Simon Gourlay, the
ninority groupa. In France, in
NFU President, charging him
particular, there is financial
mith abandoning small farmers
in order to protect the larger
and in other countries too. Nor is the EEC Commission free of ones.

Mr Pullin was undoubtedly this bias. During the discussions right. The NFU is a democratic on the beef regime, in Coverns. on the beef regime, Just now progressing, the British Government is fighting the suggestion that the headage payment for cattle should discriminate against large herds—a measure which would hit many British farmers

pean farmers. And I doubt if a system such as we enjoyed in the UK until we joined the Community would fit the bill. It was designed to limit production by limiting support to a standard quantity. This meant that the deterrent to overproduction was an overall price reduction because it applied to every one. The quota system only pena-lises the individual overproducer. It seems to me that the well

that it is not they who are causing the surpluses but those of farmers in Britain who are beginning to think the same way. There is a British small farmers' movement, of no great consequence politically, which is a success in farmers eyes, irrelated by the farmers' Union to adopt the principle of differential pay. Here we come to the major established technical excellence Farmers' Union to adopt the fair. That it has not reduced such an economic embarass of battling with the efficiency principle of differential pay milk surpluses as far as it was ment. The concept of farming as a British farming policy. After prise. A year ago the union largely to maladministration in way of life is still accepted in all in terms of numbers the promised to try and do some certain countries. where the most European countries, parti-

LME—Turngvor. 6 (0) lots of 10,000 oz. Three month high/low 366. Final kerb 365-7p. SOYABEAN MEAL

5403.90

Nov 87

(ma) | | | | | | | |

FOREIGN EXCHANGES

Dollar fails to react

and to Y237 from Y234.75.

THE DOLLAR showed very little reaction to the communique issued after the meeting of finance ministers from the Group of Five, plus 2,7950; to FFT 9,3975 from FFT Canada, in Paris at the weekend.

Dealers were sceptical about the likely success of any agreement and to Y237 from Y234.75. likely success of any agreement, and could see no firm measures to defend the dollar. The general reaction was that unless it becomes clear that the US is prepared to prevent the dollar's slide a further decline in

the dellar's slide a further decline in the value of the dollar is likely. A major test for the US currency is likely to come on Friday, when the US trade figures for January are published. If has been forecast that the Janauary deficit will rise to around \$1500 from the December figure of \$1070n today's durable goods orders for January are also expected to be poor, showing a fall of 0.5 per cent to 1.1 per cent, compared with the December rise of 0.9 per cent.

The dollar rose to DM 1.83 from DM 1.8275; to FFr 5.0825 from FFr 6.0875; to SFr 1.5460 from SFr 1.5445; and to Y153.65 from

On Bank of England figures the dollar's index rose to 104.1 from 104.0.

104.0.

STERLING — Trading range against the dollar in 1986-87 is 1.5555 to 1.3760. January average 1.5071. Exchange rate index rose 0.6 to 69.7, compared with 71.3 six

0.6 to 69.7, compared with 71.3 six months ago.
Sterling was firm, helped by encouraging economic news, and managing to ignore a decline in North Sea oil prices. The surveys by the Confederation of British Industry and the forecast by the London Business School, pointing towards increased productivity and steady economic growth followed last week's encouraging lowed last week's encouraging news on US public sector borrow-ing and money supply growth. The pound gained 1.40 to \$1.5420-

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TUEL OIL

£ IN NEW YORK				
Feb 23	Lates		Previous Close	
2 Spot	1.5400-1. 0.58-0.5 1.63-1.5 5.65-3.5	Spen 0.	350-1.5360 55-0.53 pm 54-1.51 pm 25-5.18 pm	
Forward premises and discounts apply to the U.S. dollar. STERLING INDEX				
		Feb. 23	Previous	

69.1 69.2 69.2 69.2 69.1 69.1 bus bus bus bus **CURRENCY RATES**

Sterling
U.S. Dellar
Casadian S. ...
Belgian Franc ...
Belgian Franc ...
Cantot Krone
Deutsche Mark
Herb. Galder ...
Franch Franc ...
Italian Ura
Deutsche Van 71₂ 3.5 201₂ *CS/SDR rate for Feb. 20: 1,67712

CURRENCY MOVEMENTS

February 23	Bank of England Index	Morgan Gearanty Changes %
Steriking U.S. Dollar U.S. Dollar U.S. Dollar Austrian Dollar Austrian Schilling Belgaan Franc Denish Krone Deessche Mark Soriss Franc Gorider French Franc Liru	69.7 109.1 78.5 139.1 100.5 93.7 148.0 170.6 135.2 72.2 48.5 209.2	-23.9 -3.1 -10.3 +10.6 -3.9 +4.4 +22.3 +20.9 +14.6 -12.3 -16.2 +56.1

OTHER CURRENCIES						
Feb. 23	£	<u> </u>				
Argentina	21660-21750	1.4070-1.4120				
Australia Brazil	2.2990-2.3020 27.2700-27.4300					
Finland	6.9900-7.0025	4.5350-4.5370				
Greece	204.65-207.65	132.98-135.15				
Hong Kong	11.9980-12.0190	7.7970-7,7990				
Iran	111.95=	72.50*				
Kores (Sth) .	1308.10-1320.15	853.00-860.00				
Kewait	0.42700-0.42750	0.27720-0.27740				
Luxentrourg	58.40-58.50	37.85-37.95				
Malaysia	3.9070-3.9160	2.5410-2.5430				
N. Zealand	2.7865-2.7940	1.8150-1.8180				
Sandi Ar	5.7770-5.7805	3.7500-3.7510				
Singapore	3.2950-3.3030	2.1415-2.1430				
S. Al, (Cm)	3.1865-3.2085	2.0790-2.0835				
S. AJ. (Fn)	62175-64790	4.0405-4.2105				

MONEY MARKETS

UK rates firmer

INTEREST RATES were slightly firmer on the Loudon money market yesterday, as the Bank of England continued to defend the present interest rate structure, by purchasing bills from the London money market on a resurchase money market on a repurchase basis. Three-month sterling interbank finished at 1012-1022 per cent, compared with 1052-1022 per cent before the weekend. The discount houses remained

UK clearing bank base lending rate 11 per cent

since October 15 reluctant to sell paper outright at present Intervention rates, Bills maturing in official hands,

prospects.

Initially the Bank of England forecast a money market shortage of £1,400m, but this was revised to £1,50m at noon, and to £1,200m in the afternoon. Total help provided by the authorities was £1,267m.

The central bank offered early help to the worket and at the time.

purchased £206m bills outright, by way of £2m bank bills in band 1 at 10½ per cent; £189m bank bills in band 2 at 10½ per cent; and £15m bank bills in band 3 at 10¾ per cent. Another £239m bills were length; for pheals at the property for property at the property of the purchase.

bought for resale to the market on March 30, at 10%-1033 per cent. In the afternoon the authorities In the atternoon the authorities provided another £472m of assistance, buying £28m bank bills in band 1 at 10% per cent; £80m local authority bills in band 2 at 10½ per cent; £250m bank bills in band 2 at 10½ per cent; and £114m bank bills in band 3 at 10% per cent.

reluctant to sell paper outright at present intervention rates, because of speculation about lower interest rates.

The bullish tone was reinforced by economic forecasts from the Confederation of British Industry, and the London Business School, pointing towards improved UK productivity, and steady growth prospects.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained 255m, with the unwinding of a gilt-edged repurchase agreement aborbing £1,088m. These outweighed Exchequer transactions productivity, and steady growth prospects. bank balances above target by £70m. In Frankfart call money eased

help to the market, and at that time about DM 2on less than expected, bought £165m bills for resale to the market on March 30, at 10%-1012 ample liquidity in the banking system. The Bundesbank is not expected to add any funds to the before lunch, amounting to £445m. Market this week through a securative time the Rank of England At that time the Bank of England Ities repurchase agreement.

intervene when the dollar fell to Intervence when the dollar fell to DM 1.8279 from DM 1.8313 at the Frankfart fixing.

JAPANESE YEN.—Trading range against the dollar in 1986-87 is 202.70 to 151.30. January average 154.62. Exchange rate index 209.2 against 218.3 six months ago.

The yen was little changed against the dollar, in cautious Tokyo trading. The market closed

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 148.0 against against the dollar, in cautious Tokyo trading. The market closed before a press conference given by Mr Kiichi Miyazawa, Japanese Finance Minister, in which he said the weekend statement from Parls was vaguely worded, because it was agreed the measures should not be publicly revealed, but there was an accord on detailed measures to stabilise currencies. Dealers in Tokyo were sceptical about the success of any Exchange rate index 148.0 against 140.0 six months aga.

The D-Mark was slightly weaker against the dollar in Frankfurt yesterday, as dealers digested the results of the weekend meeting of finance ministers in Paris. The G-5 meeting appeared to have succeeded in stabilising the dollar all present, but there was uncertainty about how long this would last. The dollar closed at DM 1.8295 in Frankfurt, compared with DM 1.8250 on Friday. The general consensus was that the dollar would remain in a range of D3 1.80 to currencies. Dealers in Tokyo were sceptical about the success of any agreement, but adopted a wait and see attitude ahead of the opening of markets in Europe and the US. Selling pressure above Y154 and fear of central bank intervention around Y150 was expected to keep the dollar in a range, at least until publication of scnsus was that the dollar would remain in a range of DM 1.80 to DM 1.80 to DM 1.80, but the undertone was bearish, and the US currency could fall on any adverse economic news, including Friday's US trade figures if these show a sharp rise in the deficit. Dealers added that they did not expect any mic news, including Friday's US range, at least until publication of trade figures if these show a sharp rise in the deficit. Dealers added amid forecasts of a much larger that they did not expect any intervention until the dollar fell ber. The dollar closed at Y153.55 to the chart resistance point of DM L7780. The Bundesbank did not on Friday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu centrat rate;	Corrency amounts against Ecu February 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Betgin Franc Danish Krone German D-Mark French Franc Desch Guider Irish Punt Italian Liva	2.05853 6.90403 2.31943	42.7838 7,78858 2.06528 6.87643 2.33324 0.775080 1468.30	+0.77 -0.81 +0.33 -0.39 +0.60 +0.87 -1.03	+0.77 -0.81 +0.33 -0.39 +0.60 +0.87 -1.03	± 1.5344 ± 1.6404 ± 1.0981 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752

POUND	SPOT—FO	RWARD A	gainst t	HE PO	UND
<u></u>	Day's			T %	Three

Feb. 23	Day's spread	Close	Ope month	₽Æ.	Three months	% %				
US	1.5320-1.5440	1,5420-1 5430	0.57-0.54 c om	4.32	1.54-7.49 pm	3.93				
Canada	2.0413-2.0554	2.0540-2.0550	0.63-0.53 c pm	3.39	1.55-1.43 pm	2.90				
Neth lands	3.16-3.194	3.284-3.194	lig-lig c pro-		4-35 _{2 pm}	4.78				
Belgium	57 89-58.60	58.40-58.50	16-12 cpm	267	39-32 pm	2.43				
Deservank	10.541-10.66	10.65-10.66	a Dm 1 ore dis	-0.14	par-2 dis	-0.38				
ـــــ المحددة	1.0521-1.0595	10575-10585	0.30-0.50 a dis	-4.54	0.80-1.10 dis	-3.59				
W. Germany .	2.794-2.82%	2811-2825	15-15 pl pm	6.38	43 ₇ 4 pm	5.93				
Portogal	215.67-218.00	217.00 218.00	70-155 c dist		320-440 dis	-6.99				
Spain		198.25-198.75	24-48 c dis		77-117 dis	-1.96				
Lafy	19874-2009%	7008-2009	2-par fire pm		1 om-2 de	0.10				
Norway	10.691-10.78	10.77-10.7B	24-34 ore as		101-121- dis	-4.32				
France	9.314-9.404	9.394-9.404	17-14 com		44-34 pm	1.65				
Sweder	994-1002	10-01-10-02			4-21. als	-0.67				
Japan	23512-23712	23612-2.3712			34-33 ₈ pm	6.01				
Austria	19.65-19.85	19.82-19.85	912-814 gropm		285-264 pm	5.58				
Switzerland	2364-239	2.38-2.39	112-11 c pm	6.60	4-31 ₂ pm	6.29				
Seligian rate is for convertible francs. Financial franc 59.00-59.10. Snt-moral forward dollar 2.74-2.49 c pm 12-month 5.12-5.02 c pm.										

Feb. 23	Day's Spread	Close	One month	PA.	Tirte months	% p.e.
UK†	1.5520-1.5440	1.5420-1.5430	0,57-0.54c pre	4.32	1.54-1.49 pm	3.93
irelandt	1.4522-1.4610	1.4570-1.4580	0.93-0.86c par	7.39	2.72-2.58 pm	7.29
Canada	1.3290-1.3330	1.3320-1.3330	0.09-0.12c dis	-0.95	0.33-0.36 dis	-1.04
Netherlands .	2.0565-2.0710	2.0665-2.0675	0.16-0.13c pm	0.84	0.54-0.49 pm	1.00
Belgium	37.70-37.95			-1.43	12-15 dis	~1.43
Dermark	6.87-6.91	6.9012-6.91			6.90-7.80 dis	
W. Germany .	1.8200-1.8335	1.8295-1.8305	0.32-0.29pt pm	2.00	1.04-0.99 pm	2,22
Portugal	1411-1411-	1414-14112	100-150c dis	-10.65	350-420 dis	
50als	128.15-128.98	128.85-128.95	60-70c dis	-6.00	185-205 dis	-6.08
12ty	1294-13035	13014-13024	34-44 Fre dis	-3.69	10-20 dis	4.62
Morwitt		6.983-6.983	4.10-4.80cre dis	-7.64	14.30-14.80ds	−8.27
France	6.05-6.204	6.09-6.0912	1.00-1.20c dis	-2.17	3.20-3.50 dis	-2.20
Sweden	6.475-6.494	6.49-6.4912	2.40-2.90 are dis		7.20-7.80 ds	-4.62
Carrer	153.25-153.75	153.60-153.70	0.25-0.23y pm		0.88-0.83 pm	2.23
Austria	12.801-12.894	12.874-12.874	1.60-1.20gro pm		4.75-3.75 pea	1.32
Switzerländ "	1.5395-1.5485	1.5455-1.5465	0,33-0.27c pm	2.33	0.98-0.93 pm	2,47

† UK and Ireland are quoted in US currency. Foresard pregulans and discounts apply to the US dollar and not to like individual currency. Belgian yata is for convertible transs. Financial franc. 38.25-38.35.

EURO-CURRENCY INTEREST RATES

Feb. 23	Short	7 Days'	One	Three	Six	One
	Lerns	sotice	Month	Months	Morths	Year
Secring U.S. Dollar Can. Dollar D. Solider D. Solider Sw. Franc Destschmark Fr. Franc Italian Lire B. Fr. (Fig.)	111-111- 512-61- 612-61- 512-51- 312-312- 81-312- 9-12 71-72-	117-11% 6,6-6,6 6%-7 5,6-6,6 8-814 37-4 87-815 94-10% 714-8	111-112-64-64-64-64-64-64-64-64-64-64-64-64-64-	105-1011 63-612 71-712 53-51- 34-37 ₆ 4-41 ₆ 81-85 ₆ 97-101 ₉ 711-712	10,103, 103, 6,2 6,4 6,4 7,4 7,3 7,3 4,4 4,4 4,4 8,4 97,103, 73,173,	10.3-10.3 64-612 73-74 514-54 313-312 43-43 87-84 97-104 73-74
B. Fr. (Con.)	71-84	74-84	7%-8%	71,-84	75-85	71-28
Yen	311-41	44-41	4%-4%	42,-44	41-43	41:-41
D. Krone	104-114	104-111 ₂	10%-11%	107,-111,	107-112	103-114
Aslan S (Sing.) .	31 ₈ -31 ₄	N/A	3%-3%	31,-31,	33-35	38-34

XCHA	NGE	CROS	S RA	TE\$						
Feb. 23	£	5	DM	YEN	F Fr.	S Ft.	HFI.	Lira	G S	B Fr.
£	1.	1.534	2.823	237.0	9,398	2.385	3.188	2009.	2055	58.45
	0.648	L	1.630	153.7	6,093	1.546	2.067	1302.	1,332	37.90
DM	0.354	0.547	1	83,97	3,329	0.845	1.129	711.6	0.728	20.71
YEN	4.219	6.508	11.91	1000.	39.65	10.06	13.45	8475.	8.669	246.6
F Fr.	1.064	1,641	3.003	252.2	10.	2.538	3.392	2137.	2.185	62.20
S Fr.	0.419	8,647	1.183	99.37	3.940	1.	1.336	842.1	0.861	24.51
H FI.	0.314	D.484	0.885	74.35	2,948	0.748	1.	630.1	0.645	18.34

Lira 0.498 0.768 1.405 118.0 4.679 1187 1587 1000. 1.023 29.10 0.487 0.751 1.374 115.4 4.574 1.161 1.561 977.6 1. 28.45 1.711 2.639 4.829 405.5 16.08 4.080 5.453 3436. 3.515 100.

POUND-S (FOREIGN EXCHANGE) Latest High Low Prev 1.5380 1.5390 1.5310 1.5265 1.5220 1.5255 1.5175 1.5125 1.5125 1.5150 1.5100 1.5000 LIFFE-STERLING 625,000 \$ per £ Close High Low 1.5355 1.5374 1.5370 1.5217 1.5200 1.5200 1.5102 — — ed yolume 27(2) 1.525 open line N/A (1,091)

CURRENCY FITTIRES

(11.00 a.m. Feb. 23) 3 months U.S. dollars ble 6 &) offer 6 &

Treasury Bills and Bonds
5.20 Threeyes For year
5.50 Fey year
5.56 Fey year
5.68 Seem year
5.87 10 year
6.33 30 year 3.75-3.85 8½-8½ ½-1½ 5½-5½ 3.53125 11½-12 8.30 14-14½ 3.45-3.80 8.4-8.4 31-31₈ 513-54 3.90-4.10 81₄-87₂ 3.80-3.95 813-82 3.90-4.05 11-11% 713-711 14-145 LONDON MONEY RATES 10%-10% 10%-10% 10%-10% 10% 12-10 112-114

104-104 102-104 105-104 105-104 1014 1014 1014 640-635 64-64 74-74 111₂-10 95₂ 二 二 二

1112-114

115-114

FINANCIAL FUTURES

Confused trading

from Friday's close, and closed at 118-18, compared with 118-11 previously.

Trading was relatively quiet, with last week's encouraging figures on public sector borrowing and money supply continuing to provide support Gills were also boosted by sterling's gains against the dollar and the D-Mark. The low of 114-04 was touched in early trading, and the peak of 118-28 in the afternoon.

Sterling's improvement was seen as significant, to provide the right background for a cut in UK hank

LIFFE LONG GILT FUTURES OPTIONS

Calls—Lest
Mar. Agr. May Jone
13.70 12.90 — 13.70
6.70 8.25 8.70 8.70
5.80 6.20 — 6.50
3.35 4.10 4.00 4.50
1.50 2.30 2.60 3.00
0.60 1.50 1.65 2.05
0.05 0.60 0.95 1.35
day's open les; Calls 42,408 Pets
tay's volume, Calls 2,557 Puts 2,5

Low 118-04 118-15

Low

Prev. 89.69 90.22 90.32 90.33 90.24 90.11

LIFFE &S OPTIONS £25,000 (cents per £1)

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32ms of 100%

Close High 100-30 — I Volume 0 (0)

Clase High 89.63 89.69 8 90.24 90.27 9 90.38 9 90.38 9 90.30 90.30 9 90.17 cd Volume 4.651 (4.390) 6 dex's onesi ites, N/A CLB

THREE-MONTH EURODOLLAS

Close 93.57 93.62 93.61 93.52 93.37

Close High Law Prev. 19550 197.80 195.40 197.30 199.00 201.00 200.00 200.80 volume 1,241 (967) day's open ios. N/A (4,438)

High 93.61 93.64 93.64 93.55 93.39

Close High Low 99-28 100-05 99-24 98-29 99-04 99-00 97-30 --ne 2,776 (3,373)

93.56 93.60 93.61 93.52 93.38

93.26 93.07 92.85

LONG TERM gilt futures were slightly firmer on the London international Financial Futures Exchange yesterday. The March contract opened at 118-10, little changed from Friday's close, and closed at 118-18, compared with 118-11 previously.

861 7.02 5 16 3 43 2.24 1.21 0.49 0.24

June 0.30 0.80 1.50 2.05 3.30 4.70 6.40

G.S. TREASURY BONDS (CBT) 8% \$100,000 32nds of 190%

U.S. TREASURY BILLS (1944) Slm points of 160%

SWISS FRANC (IMM) SFr125,008 5 per SFr

CHICAGO

LONDON SE ES OPTIONS £12,500 (cents per £1)

Caffs—Lact Apr. May 12.80 12.80 8.80 2.80 4.40 4.60 1.40 1.40 0.45 0.80

Calls— June 0.48 0.48 0.31 0.18 0.09 0.04 0.02

Prev. 100-10 99-11 98-13 96-20 96-25 94-31 94-06 93-15

92-07

Mar. June Sept. Gec. Mar. June Sept. Dec.

June 13.90 12.80 8.50 4.80 2.40 1.30 1.90

JAPANESE YEN (IMM) Y125m S per Y100

THREE-MONTH EURODOLLAR (IMM)

In Chicago it was said that analysis were struggling to inter-pret the weekend accord by the major industrial nations. There was also uncertainty following Brazil's announcement that it would suspend navment on its would suspend payment on its

On Liffe March delivery US bonds opened at 100-04, and closed at 99-28, after trading within a range of 99-24 to 100-05. Friday's close was 100-12, but it was suggested that Treasury bills had an underlying strength, compared with other paper, because of a flight to quality caused by nervousness about a possible default by Brazil.

Strike Calife-Lati PutsPrice Mar Age# Mar
17750 18.13 21.79 0.13
18000 15.75 19 47 0.25
18250 13.46 17.22 0.46
18500 11.15 15.06 0.45
18750 9.24 13.02 1.24
19000 7.37 11.22 1.87
19550 5.48 9.36 2.48
19500 4.15 7.77 3.45
Estimated volume total, Lalis 11. Puts 3
Previous day's open list, Calif. NA Puts

Parts— June 0.06 0.11 0.19 0.31 0.47 0.67 0.90

Close High Low Prev. 0.6518 0.6527 0.6517 0.6552 0.6556 0.6564 0.6555 0.6560 0.6599 0.6602 0.6599 0.6600

105879 27 -----3 60 1 60 0 60 1 20 1 20 2 20 2 7 2 7 2.20A 6.50 4 1 10 1 3 10 3.60 7.50 55 LIFFE US TREASURY BOND FUTURES OPTIONS LIFFE FT-SE 100 INDEX FUTURES OPTIONS ABN C
ABN P
AEGON C
AEGON P
AHGID C
ARZO P
ANGLD P
ARZO P
AMRY C
AMRO P
ELSEVIER C
ELSEV FI.86.90 66 101 27 113 7 FL<u>1</u>07 38 3.20 F1.66.20 6.50A 6 22 FI.84.60 7 30 263 4 39 246 2 375 340 124 128 17 5050 19 FI_242 June 0,80 0,65 1,25 2,80 3,60 9,20 21,40 30 4 4 5 157 37 97 46 27 FI.43_40 1.20 3.60 3.30 FI 153.50 F1.37.80 FI.41.30 LM P
LAT. NED C
AAT. NED. P
PHILIPS C
PHILIPS C
PHILIPS C
ROYAL BUTCH
ROBECO C
ROBECO C
UNILEVER C
UNILEVER C
UNILEVER C FI.72.70 170 3.30B FI.46-90 FI.2<u>1</u>3-20 F1.98.60 FL505

Аца 87

29.40 18.90 12.50 7 — 7 10.50 15.50

9.20 10.50 — 26 BASE LENDING RATES Mrst Credit Corp. Ltd.... Adam & Company. Nat Begin Corp. Cit.

National Grobank

Nat Westerinster

Korthern Bank Ltd.

Nurwich Gen. Trass.... Affied Arab 8k Ltd...... Affied Danbar & Co...... Affied Irish Bank Comon. Bl., N. East. Consolidated Cred... Amro Bank... PK Finans. Iml (UK) 112 Provincial Trust Ltd 12 R. Raphael & Soes 11 ANZ Banking Group Associates Cap Corp... Authority & Co Ltd.... Banco de Bilhao....... Bank Haponing... E.T. Trust Equator'i Tst C'p pic Roxburghe G'rantee 111; Royal Trest Bank.... Exeter Trust Ltd.... Bank Leumi (UK) _____ 11 Bank Credit & Comm ___ 11 Rank of Cyprus First Nat. Sec. Ltd....... 1112 Bank of Ireland... Bank of India..... Robert Fleroing & Co ... 11
 Robert Fraser & Ptrs ... 12 Bank of Scotland Banque Belge Ltd Bandays Bank Westpac Binking Corp 11
Whitegway Laidlaw 11½
Yorkshire Bank 11 HFC Trest & Savings..... 11 o Members of the Accepting Houses Committee. 7-day deposits 6.69%. 1-month 7.03%. Top Tier.—E2,500+ at 3 months notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 63% gross 1 Mortgage base rate. § Demand deposit. 6.69%. Mortgage 124%. Benchmark Tst Ltd Beneficial Trust Ltd Hambro Bank _______ 11
 Heritable & Ges. Tst.____ 11 Brit, Bk. of Mid. East... C. Hoare & Co...

282.05 283.90 285.40 286.60 F.WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 23, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar partities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (ln) financial rate; (ext) exchange certificate rate; (ac) non commercial rate; (non) nonlinal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistas	Afekani	99.20	Gha na	Cedi	230.475	Panama	Balbao	1.5425
Abaria	Lek	10.13	Gibraltar	Gibraltar £	1.0	Papua New Grinea	Kina	1.4488
Algeria		7.12	Greece		206.15	[£369.60
		9.3975	Greenland		10.6550	Paraguay	Guarani	1035.65
Andorra	French Franc Spanish Pesera		Grenada		4.15	i		(exc(o)21.95
	Kwanza	198.50	Guadaloupe	E. CARDUEAN J	9.3975	Peru	inti	
Antiqua		46,387	Guam	U.S. S	1.5425	FETT ==================================	IKILI	(F) 30.88 (Fn) 27.45
		4.15			(1.5425	Philippines	Obligation Base	
Argentina	Austral Florin	2.1705	Guatemala	Quetzal	(F) 4.1500		f£ Sterling	31.08
	Australian S	2.7765	Guines	Franc	522.648	Pitcalm Islands	New Zealand S	2.7903
بيسسسسسي فأديعه	Schilling	2.3005	Guinea-Bissau	Peso	262.05	Poland	Ziaty	366.80 (76)
Austria		19.835	GOVERN	Guyanese 5	13.86 (18)	Portugal	Escudo	
Az ores	Portuguese Escudo	217 <i>5</i> 0	[GD)494	Container 2	13.00 (10)			Z17.50
D-L	Battama S	1.5425	Haiti	Gourde	7.7325	Puerlo Rico		1.5425
Bahantas	District >		Honduras	Lempira	3.08	Qatar	Qatari Ryal	5.5885
Balearic Islands	Spanish Peseta	0.5790	Hong Kong		12.0085	Reunion Işle de la	French Franc	9.3975
Sangladeth	Taka	198.50	Hungary	Forint.	67.8078	Romania	Leg	((cm) 6.27
Barbados	Barbados S	46.86 3.1024	1			Rwanda	Rwanda Franc	(N/C) 15.41
			(celand	icelandic Krona	60.35	St. Christopher	KWanda Franc	123.51
Selgism	Belgian Franc	(cm) 58.45	Iugis	Indian Rupee	19.98			4.15
Online.	B 5	โตม 59.05	Indonesia	Rupiah	2518.53	St. fielena	St. Helena £	10_
BelizeBenin		3.0850	ran	Rial	111.95	St Lucia	E. Campbean 5	4.15
Bermuda		469.88 1.5425	1/29	trad Dinar	0.4772	SL Pierre	Local Franc	9.3975
Bhytan	Bermudian 5	19.98	irish Republic		1.0580	St. Vincent Samos American	E. Caribbean \$	4.15
	Nguiscum Bolivian Peso		1510el	Shekel	2.4825		V.S. S Italian Lira	1.5425
Boilvia		(6)2.9391 (20)	سسسسسس والهاا	Lira	2008.50	San Marino		2008.50
Botswarta		2.63	Ivory Coast	C.F.A. Franc	469.88		Dobra Santi Dual	55.03
Brazil	Cripado	27.35	Jamaica	Jamaican Dollar	8.23	Saudi Arabia		5.7788
British Virgin Islands		1.5425	Japan	Yes	237.00	Senegal	C.F.A. Franc	469.88
Brunel	Brunei \$	3.2990 1.3259	Jordan	Jordanian Dipar	0.5230	Seychelles		8.75
Burkino Faso	Lev C.F.A. Franc					Sierra Leone	Leone	(6) 66.00
Burma		469.88 10.2356	Kampuches	Riel	N/A	Singapore Solomon Islands	Singapore S Soloman Is. S	3.2 9 90
Burundi	Kyas Burundi Franc	186.75	Kenya	Kenya Shilling	24.80	Somali Republic		3.0622
	BUTURES FRANC	100.13	Kiribati	Australian 5	2.3005	•		369.675
Cameroon	C.F.A. Franc	469.88	Korea (North)	Waa	1.4500	South Africa	Rand	(Cm)3.1475
Carada	Caradian S	2.0545	Korea (South)	Won	1314.25	Spain	Peseta	(Fn) 6.3483
Carary Islands	Spanish Peseta	198.50	Kuwali	Kumaiti Dinar	0.4273	Spanish ports in	reseta	198.50
Cape Verde Islands	Cape V. Escudo	137.68	1205	New Kin	53.9875	North Africa	Peseta	198.50
Cayman Islands		1.2880	Lebagon	Lebanese £	182.62	Sri Lanka	S.L. Ropee	43.96
Cent. Air, Republic		469.88	Lesotho	Matuti	3.1475	Sudan Republic	Sutan E	3.8563
Chad		469.88	Liberia	Libertan S	1.5425	Surinary	5. Guilder	2.7534
Chile		315.35	Libya ,	Libyan Dinar	0.4678	Swaziland	Lilangeni	3.1475
China		5,7000	Liechtenstein	Swiss Franc	2,3850	Sweden	Swedish Krona	10.0150
Colombia	Cal. Pesa	346.69	Luxembourg	Loxenbourg Franc	58.45	Switzerland	Swiss Franc	2.3850
Comoro Islands	C.F.A. Franc	469.88						(A) (T) 9.0
Congo (Brazzaville)	C.F.A. Franc	469.88	Macao	Palaca	12.3523	Syria	Syrian £	(cm) 5.0543
Costa Rica	Colon	91.85	Madelra	Portuguese Escudo	217.50	Taluan	New Taiwan S	53.475
Cuba	Coban Peso	1.2241	Malagasy Republic	M.G. Franc	1028.72	Tanzania	Tan. Shilling	83.20
Cyprus	Cyprus £	0.7445	Majawi	Kwacha	3.5340	Thailand	Baint.	39.78
	•-	(icom) 8.20	Majaysia	Ringgit	3.9115	Togo Republic	C.F.A. Franc	469.88
Czechoskyvakia	Koruna	nc 14.28	Maldive Islands	Rollyra	10.7975	Tonga Islands	Palanca	2,3005
	-	l(T) 13.91	Mall Republic		469.8B	Trinidad & Tobago	Trinidad & Tob. \$	5.5530
Denmark	Danish Kroner	10.6550	Maka	Makese £	0.5374	Tonkla	Tunislan Dutar	1.2485 (59)
Dibouti Republic of	Diibouti Franc	272.50	Maringoe	Local Franc	9.3975	Turkey ,	Turkish Lira	1151.45
Dominica	E Caribbean S	4.15	Mauritanta	Cugulya	114.98	Turks & Caicos Islands		1.5425
Dominicas Republic	Dominican Peso	4.6885 (7)	Mauridus	Mauritian Ropee	19.975	Tuvalo	Australian \$	2.3005
Printered information	PANIMEN LESO	7-0003 177	Mexico	Mexican Peso	(F) 1558.74	Uganda	Shilling street	2002.0
		// ADE /3			l(c) 1570.56	(Inlead States	He e	3 5435

2008.50 (4) 6.63 (5) 11.57 (6) 35.32 (o) 122.976 1.5425 3.1475 2.3005 33.66 3.1875 2.7765 2.7765 2.7903 (F) 3388.0 469.88 (a) 6.0386 10.7750 S.A. Rand Australian S Nepalese Rupes Guilder Antillan Guilder N.Z. S 1.0 10,6950 1.7163 6.9963 9.3975 469.88 9.3975 169.60 Falkland Isles £ Netherland Antilles New Zealand _____ Franc C.F.A. Franc (A) 3.39 rench C'ty in Africa _ (A) 15.73 (sg) 0.5273 703.31 Cordoba C.F.A. Franc C.F.A. Franc Datasi Ostmark Deutsche Mark 469.88 11.00 2.8225 2.8225 Zaire Republic . 129.9776 (East) . (West) #Rate is the transfer market (controlled). ## Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign bravel. (7) Parallel rate. (9) Bankoote rate. (10) Rate for exports. (14) Rearly all business transactions. (15) Migerita, Auction price for dollar for February 19, 1987, 3.9050. (16) Potand, Zioty, devalued by 19.5% against Dollar, February 2. (17) Zambia, Kwacha, Set at 9.045 against, Dollar, February 2. (18) Guayana Dollar Devalued 56%. Against Dollar (19) Migrambique Muetical Devalued 81% Feb 2, 1987. (20) Bolivia, New Currency introduced: (80 inviano, worth 1m Pesos) Jan 1, 1987.

Trade Indemnity

(6) 225.61 (F) 222.15 (1.0798 (2.11 7.70 469.88 3.18

EXPORT CREDIT INSURANCE, 01739 4311.

Trivaliu Australian \$
Uganda Uganda Uganda Shilin
Urated States U.S. \$
Uraguay United Arab Emirates U.A.E. Dirham
USSR Roudile

167.86

ARE SERVICE

| Company of the compan Financial Times Tuesday February 24 1987 40 INDUSTRIALS—Continued ENGINEERING—Continued **LONDON SHARE SERVICE** CORPORATION LOANS 105 | 12.77 | 11.01 | 10.57 | 10.52 | 12.97 | 10.81 | 10.57 | 10.82 | 10.31 | 10.32 | 10.31 | 10.32 | 10.33 | 12.22 | 11.00 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.70 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | 10.57 | EURPORA HUN
1124 1634 Birmingham 13 pc 1989 |
1274 994 | Dc. 11 pc 2012 |
1032 100 Barrier 13 cc 1937 |
925 774-61 6 day 1990-72 |
974 934 Herrs 6 lot 1985-87 |
1334 115 Leeds 13 pc 2006 |
33 24 Leerood 3 pc 1986 |
97 92 100 5 lot 6 3 5 7 |
974 6 25 0 6 4 lot 6 3 9 0 |
1184 534 Manchester 11 by 2007 | COMPRONWEALTH & AFRICAN LOANS
944 79 ktz 74ac 1988-72 852 835 10.70
207 190 SRtod 2-ye Non-Assid 190 6.00 11.15
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Option *First Declara- Last Account Dealings tions Dealings Day

Feb 9 Feb 19 Feb 20 Mar 2 Feb 23 Mar 5 Mar 6 Mar 16 Mar 9 Mar 19 Mar 20 Mar 30 ⁴ New time dealings may take place from 9.00 am two business days earlier.

today's preliminary figures from NatWest made for a dull day in the

clearing banks. NatWest, which is widely expected to report pre-tax

profits of more than filbn today,

retreated 7 to 617p, after 613p. Barcleys, the next to report on

figures are due on Friday. Midland,

which yesterday launched a new

investment banking division called

Midland Montagu, dropped 18 to 619p. Elsewhere, Morgan Grenfell

lost 10 at 393p as the group's former head of securities operations. Mr

Geoffrey Collier, was indicted and

sent for trial at the Old Bailey on

Sun Life moved against the dull trend in Insurances, rising 21 to 978p on Press speculation about a

possible bid from the TSB, eased a

fraction to 78p. Elsewhere, Royals

which report preliminary results

which report pretiminary results on Thursday, gave up 11 at 989p. Commercial Union, recently bought on revived takeover hopes, closed 7 off at 345p, while Sun Alliance dip-ped 24 to 755p. General Accident cheapened 9 to 970p and GRE

eased 11 to 928p.
Roof and flooring installation

company Heweison staged a bright market debut; the shares, placed at

on light profit-taking. Tarmac came back 10 to 536p, while BPB Indus-

tries slipped 6 to 642p. Blue Circle were a shade cheaper at 688p and

Redland softened 6 to 477p. Among

Timber issues, recent takeover favourite Meyer International dip-

ped 9 to 356p. Publicity given to a broker's circular failed to sustain

Magnet and Southerns, finally 4 lower at 312p. Against the trend, Alfred McAlpine rose 16 to 504p reflecting further buying in front of

today's annual results, while Persimmen, preliminary statement

due early next month, gained 26 to 332p. Federated Housing, also reporting soon, firmed 15 to 171p, but John Mowlem encountered profit-taking and shed 7 to 427p. Newsletter comment boosted Conder, finally 15 higher at 173p. and

Howard Shuttering, a penny to the good at 77p. Randsworth Trust rose

8 to 191p on property development prospects, while Polypipe, which revealed good results recently, put on 18 to 223p in a restricted market.

Renewed demand ahead of Thursday's preliminary results lifted ICI a further is to £14, after £14%. Elsewhere in the Chemical

sector, Yorkshire, annual figures due tomorrow, firmed 7 to 223p.

Reports that the DTI had not ruled out the possibility of an

investigation of Burton's takeover

bid for Debenhams depressed the former and cast a shadow over

other leading retailers. Burton dropped 11 to 270p, while Marks

alleged insider dealing charge

UK security markets trod Thursday, ended 12 down at 552p, while Lloyds relinquished 16 to 487p; the latter's preliminary carefully yesterday waiting for signs that the Paris accord would succeed stabilising international inge rates. With the dollar struggling to gain ground on other leading currencies, the first reaction of many financial analysts was one of scepticism. Most doubted the as of the US to co-operate in a dollar-support operation and the value of West Germany's com-

mitment to extra taxation cuts.
The initial effect on UK equities of the weekend agreement was countered by extremely good domestic news. Highly encouraging surveys on the economy, and par-ticularly manufacturing output, from the CBI and the London Business School, held the market. Both FT indices showed small falls but these were the result of many index constituents being quoted ex their

dividend payments. However, the caution of institutional investors began to show through. Interest rate optimism faded as the interest rate optimism faded as the authorities signalled more sternly rejuctance to see bank base rates fall this side of the March 17 Budget. The Bank of England bought eligible bills at 10% per cent in money mar-kets and agreed their repurchase at 10½ per cent on March 30. A portfolio "sell" programme brought a more rapid deterioration

around mid-morning and no sooner had blue chips attempted a rally when Wall Street rattled the market. A sharp early drop there coincided with a thinly attended market, freak weather conditions disrupting travel throughout New York State and preventing many traders reaching their

With a strong sterling rate inhibitwith a strong sterring rate minor-ing US demand for international issues, London was not in the mood to resist. The FT-SE 100 share index slithered back and finally surrendered much of Friday's largest-ever points gain. It closed 21.8 down at

Gilt-edged market investors also took time off and prices fluctuated narrowly. Sterling's firmness failed to generate business but the tone mproved later on bond market influences. Conventional Gilts were then able to regain earlier small losses. Low-coupon stocks responded to demand from high tax payers and some recorded rises

undoubtedly index-linked. Revived buying saw the tap; Treasury 2 per cent 1992, activated at 93.24 and 93.28 and then withdrawn, with the authorities awaiting higher blds, presumably of 94.00. Hedge buying to insure equity market gains feato insure equity market gains fea-tured and the longest-dated maturity finally rose % to 84.2.

Clearers fall

The possibility of Brazil's and Spencer declined 5 to 208p rescheduling of debt idea being and Harris Queensway dipped 6 to taken up by other South American 198p. Dixons, a firm market last debtors and nervousness ahead of week on news of its US acquisi-

EQUITY GROUPS

& SUB-SECTIONS

Cautious equity market rattled late by sharp option business in British Gas also

setback on Wall Street

	Feb.	Feb.	Feb.	Feb.	Feb.	Year	198	6487 <u> </u>	Since Co	ud) (ST) čet
	23	20	19	18	17	ago	High	Low	High	Low
Government Secs	87.60	87.22	87.07	86.74	86.12	84.82	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.10	93.40	93.58	93.46	93.06	89.35	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/2/75)
Grdinary 🕈	2,556.9	1,567.0	1,542.5	1,555.0	1,552.3	1,275.2	1,567.0 (20/2/87)	1,094.3	1,567.0 (20/2/87)	49,4 (2 <u>6</u> /6/40)
Gold Mines	313.7	300.9	288.2	293.0	305.7	332.1	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.65	3.61	3.67	3.65	3.65	4.09	1 1 1 1 1 1		TIVITY	
Earnings Yld,%(full)	8.57	8.50	8.63	8.59	8.62	9.82	In	dices	Feb. 20	Feb. 19
P/E Ratio (net) (*)	14.30	14.42	14.20	14.26	1421	12.70		Bargains		177.5
SEAQ Bargains (5 pm)	53,082	50,884	52,817	63.092	55,635	<u> </u>		79 ins		494.0 3716.1
Equity Turnover (£m)	_	1,567.11	1,838.53	1,741.76	1,520.06	1,054.78	5-Day Avei	rage		1
Equity Bargains	_	71,976	76,243	75,230	76,701	40,291	Gill Edged	Bargains Jains	155.6 470.0	140.1 449.0
Shares Traded (ml)		664.3	668.4	687.7	682.4	435.9	Equity Valu	ję	3213.5	3127.8
	10 a.m. 1569.3		a.m.	Noon 1559.7		p.m. 564.0	2 p.m 1566.		p.m. 567.4	4 p.m. 1558.5

tion, reacted 4 at 372p. Elsewhere,
Mrs Fleids jumped 15 to 179p and Newall. Expansion hopes
following publicity given to a
County Securities' circular and N.
Brown Investments rose 35 to 505p
in response to Press comment
willer and Santhouse firmed 12 to
British Sugar, the S. & W. Berisford
embeddary. prompted renewed 70p, opened at 80p and touched 87p prior to closing at 84p. Among other recently-issued equities, Sanders and Sydney gained 7 to 141p following Press comment. Leading Buildings drifted lower 239p on buying ahead of the interim results scheduled for

March 12.
FII were outstanding among
Shoe concerns, jumping 65 to 460p
in response to the excellent
interim results. Newbeld and Burton, meanwhile, rose 9 to 100p on news of the revised and recommended offer from Peter Black

Racal bought

Well over 30m Racal changed hands yesterday as investors strongly supported the shares ahead of a company presentation in New York and Edinburgh over the next two to three weeks and the close was 21½ higher at 249½p. Plessey were not far behind, rising 17½ more to 241½p as the shares continued to be re-rated in the wake of the third-quarter figures. Elsewhere in Electricals, Ferranti rallied 7 to 127p and System Designers gained 3 to 77p following Press comment.

Vickers resisted the trend to close a shade firmer at 506p, on satisfactory preliminary figures and a proposed one-for-four scrip issue. Among other Engineering leaders, Hawker were unsettled at 531p, down 16, after the setback on Wall Street. Elsewhere, Birmid Qualcast featured a further gain of 46 to 256p, on the bid approach from Hepworth Ceramic; the latter closed 17 lower at 214p. Managanese Bronze, still reflecting bid hopes, advanced strongly to close 18½ higher at 158p, while Camford gained 7½ to 131p xd on sugges-

Fri Feb 20

Thers Feb 19

Wed Feb 18

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

subsidiary, prompted renewed institutional demand for Tate and Lyle which closed 29 higher at 740p: a decision is expected shortly. On the other hand, Argyll Group, a firm market last Friday following details of the sale of its US drinks division, came back 9 to 385p. United Biscuits came under selling pressure and closed 5 lower selling pressure and closed 5 lower as 1279p, but Northern Foods were a shade dearer at 239p. Ranks Hovis McDengall, currently bidding for Avana, closed 4 off at 320p; the latter, up to 755p early on, slipped back to close 2 cheaper on balance at 741p awaiting further develop-ments. Global Group firmed 5 to 91p

in reply to the good interim results, while Hillards, an old takeover favourite, gained 11 to 193p.

Falls among the Hotel majors were confined to a few pence. Elsewhere Lenden Park Hetels rose 16 ion Park Hotels rose 16 where, Lond to 663p pending news of the bid approach, while Kennedy Brookes gained 7 to 296p following Press

Wellcome up again
Among Aids-related stocks, Wellcome advanced afresh to 440p, up
17, but London International, inclined harder initially, drifted back to close a shade down on the day at 384p xd. Leading miscel-

tions of a possible bid from Turner closed is down at £1412. Elsewhere, Norcros featured a rise of 55 at 345p following the disclosure that Bunhill Investments, a Subsidiary of Bunzl, had a stake of 2.6 per cent in the company. Bunzl fell 11 to 224p. Whiterroft came to life with an advance of 12 at 311p, while Highgate and Job moved up 25 more to 260p and Avon Rubber put on 15 further to 583p. Weekend on 15 further to 563p. Weekend Press mention stimulated demand for Consultants Computer, which rose 20 to 222p. Others to respond to newspaper comment included American Business Systems, 4 up at 105p. Lep Group, a similar amount dearer at 156p, and Hestair, 3 bet-ter at 186p. Macarthy, responded afresh to recent acquisition news with a gain of 22 to 419p, while expansion hopes left Hunter 105 higher at 650p in a limited market. Smith and Nephew closed 5½ higher at 167½p following the announcement that it had agreed to sell Smith and Nephew, Anchor

Inc., of the US. Dealings resumed in Dwek Group, at 143p, compared with the suspension price of 130p. Radio independents made a bright showing ahead of the market debut of Capital Radio; Radio Clyde gained 12 to 80p, while Radio City firmed 4 to 64p and Piccadilly Radio put on 5½ to 63p xd. Else-where in the Leisure sector, Brent

LONDON TRADED OPTIONS

P. & D. (*622)

Tr. 114% 1991 (*£106)

De Beers (*59,55)

Trusthouse Forte (*214)

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180 200 220

Marks & Spec (*208)

Brit Aero (*676)

Brit., Telecom (*244)

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of the Viewstream betting shop operation for £1.615m. Chrysalis moved up 11 to 222p, but Pleasurama came back 15 to 364p following profit-taking.

Press comment prompted a couple of bright features in the Market of the profit takens.

The latest 5—

Th

7 to 286p following the acquisition

ple of bright features in the Motor sector—with Spice and Glanfield Lawrence rising 7 and 8 to 145p and 120p respectively. Lookers firmed 5 more to 301p on takeover hopes; T. Cowie recently acquired a 14.96

per cent stake. News International's interim results were deemed disappointing and the shares dropped to 1244. Elsewhere in Newspapers, BPP Holdings moved up 12 to 230p and Trinity International jumped 25 to 613p on expansion hopes.

The Property leaders went with The Property leaders went with the general trend and closed easier across the board. Land Securities finished 5 off at 358p, while MEPC lost 4 at 360p and Hammerson A slipped 5 at 490p. Elsewhere, recent favourite Laing Properties encountered profit-tak-Properties encountered profit-taking and came back 11 to 360p, while Rosehangh shed 15 to 720p.

Rush and Tompkins firmed 5 to 261p on news that Overseas Strategic Investments had increased its stake to 8.9 per cent, while Trencherwood stood out with a rise of 20 at 528p, after 533p, in reply to favourable Press comment. Parkdale attracted support un £15% to £765%. Angle American

ment 33 to 483p.

Among Trusts, Edinburgh Gold Fleids, a strong market at the Financial Trust fell 5½ to 51½p after the figures and proposed reorganisation scheme. Financials were featured by a gain of 10 and profit-taking ahead of the interim figures scheduled for in Nevi Baltic to 155p in response to Press mention, while Yelverton gained 5 to 46p for a similar

British Gas firmer

in crude oil prices and the weak performance of Wall Street. BP, quoted ex dividend closed a net 9 quoted ex dividend closed a net y lower at 723p, while Shell, scheduled to report fourth quarter results a week on Thursday, dipped % to £10%. Britoil fell 4 to 172%p, Ultramar 4 to 168p, and Enterprise a couple of pence to 103p.

193p. British Gas well heavily bought from the outset; overseas support, especially from the US and Japan, took the share price up to a record 76/4p at one point before profit-taking left the close a net 3/4p up at Walker attracted further support taking left the close a net 3½p up at on expansion hopes and rose 12 to 379p, while Stanley Leisure gained 53m shares. A substantial traded

May Aug. Nov. Hay Aug. Nov.

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1 100 135 157 167 2 18 28
1 52 97 120 135 6 30 40
20 62 88 110 27 48 60
6 38 63 85 60 75 85 1

Total Contracts 63,645, Calls 34,450, Pats 11,195
FT-SE Index 1,564, Pats 1,068
- Underlying security prote.

148 1 110 2 77 6 45 30

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123 77 53 30 153 105 62 38 18

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NEW HIGHS AND LOWS FOR 1986-87

LEISURE (7), MOTORS (4), PAPER (6), PROPERTY (6), SHOES (2), SOUTH AFRICANS (1), TEXTILES (4), TRUSTS (23), OILS (1), OVERSEAS TRADERS (1), PLANTATIONS (1), MINES (8), THIRD MARKET (1). NEW HIGHS (186)
BRITISH FUNDS (9), AMERICANS (2),
CANADIANS (1), BANKS (1),
BREWERS (2), BUILDINGS (19),
CHEMICALS (6), 570RES (20),
ELECTRICALS (16), EMGINEERING
(10), FOODS (3), HOTELS (1),
INDUSTRIALS (40), INSURANCE (1),

47 28 18

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weekend meetings of the Group of Five nations, led to a renewed advance by South African sectors

of mining markets. Bullion move up a further \$4 to close at \$403.75 an ounce—a rise of \$13.50 over the past three trading sessions. Other precious metals followed suit South African Golds opened on a firm note, boosted by South African buying interest, but paused for breath in mid-session when

European profit-taking became apparent However, the afternoon brought about a fresh flurry of demand from the US, which mirrored a steep fall on Wall Street, and share prices moved higher again to close at or around the day's best levels. The Gold Mines index jumped

ment. Parkdale attracted support up £1% to £76%. Angle American at 91p; up 4, while demand in a Corporation settled % better at restricted market lifted Brook- £10%.

interim figures scheduled for

March 4 Rio-Tinto-Zinc slipped 4

to 757p.
Miscellaneous mines provided an outstanding performer in Greenwich Resources, which raced up 14 to a record 182p amid growing optimism over the com-pany's Gebeit gold mining project gave a major boost to the shares.

Burmah Oil remained a strong. market, still boosted by a recent "buy" recommendation from Wood Mackenzie; the shares settled 9 higher at 462p, after 465p. Among the second-liners Century put on 7 in the Sudan.

Traded options

A lacklustre session in the traded option market was featured by fairly hectic dealings in British Gas. Here, 12.551 calls were done with 4,996 transacted in the April 70s' and 3,226 in the April 30s'; 1,218 puts were arranged in the April 70s'. Overall, 45,645 deals were done, comprising 34,450 calls and 11,195 puts.

Traditional Options

- First dealings
- Last dealings
- Last declaration
- May 28 June 8

For rate indications see end of Unit Trust Service Money was given for the call of Smith and Nephew, Wellcome, Brent Walker, British Gas, Mellerware, Estaprint, Combined English Stores, Peck Heldings, Steetley, Norfolk Capital, Abaco, Dame Estates Sanders and Sidnay Stetley, Norton Capital, Abaco, Dares Estates, Sanders and Sidney, Pollymark, Ryan International, Trusthouse Forte, B. Elliott, Birmid Qualcast, BBA, Atlantic Resources, Scottish and Newcastle, Cifer, Downibrae, CASE, Bula, J Williams, Burton, Amstrad, Chloride, Edmond Holdings, Heywood Williams, Sound Diffusion, Quest Automation, Glanfield Marley. Johnson Matthey, Polty Peck, Standard Chartered, Electronic Rentals and Burndene. Puts were

arranged in Glaze, Wellcome and

Silentnight, while a double option

TRADING VOLUME IN MAJOR STOCKS

Oils were unsettled by a decline The following is based on trading volume for Alpha securities dealt through the SEAQ syst

		34	steroay	ոևու 6 հա-			
Pared.	Volume	Closing	Day's	Stock	Volume	Closing	Day's
Stock	000's	price	change	~	000's	price	change
ASDA-MFI	2,200	159	-2	Ladbroke	322	434	-4
Affled Lyons	2,000	374	<u>-7.</u>	Land Securities	889	358	-5
Amstrad	2,200	162=	-112	Legal & Gen	587	291	-9
Assoc. Brit. Foods _	741	337	-2	Lloyds Bank	2,000	487	-16
BAT	2,700	543	-4 -2	Lonrbo	2,100	255 d	-3
BET	625	518 4		MEPC	. ZZ5	360	-4
B0C	477	460	6 5	Marks & Specr	3,600	208	-5 -18
BPB Inds	193	643		Midland Bank	1,900	619 617	
BPCC	1,900	· 316 311	+1	NatWest Bank	2,700	550	-7 -3
BTR	1,700	552	-12	Pearson	214 629		-10
Barclays	1,500 336	552 846		Pilkington Bros	1.150	616	-20
Bass	336 827	533	-7 -7	Plessey	7,120	· 741 2411 ₂	+1712
Beecham	406	- 688	- <u>;</u>	Prodential	18,950 324	924	-3'-2
Blue Circle	1,900	286	- -	Racal	34,875	724 2491 ₂	+2112
Boots	16,000	106 ¹ 2	-21 ₂	Rank Org	133	647si	+5
Brit. Airways			-11 -11	RHM	. 394	320	-4
Brit. Aero	1,200 53,000	673 751 ₂	+35	Reckitt & Col	24	E104	•
Britoil	6,100	172	-41 ₂	Rediand	232	477	_
	6.850	7234	_9°2	Reed Inti	1,900 -	- 416	-14
Brit Telecom	5,200	244	11 ₂	Reuters	623	66572	-14 ₂
	733	225	-10	RMC	241	777-2	-14-2 -7
Bunzi	2000	270	-11 -11	RTZ	233	752	<u>-</u> 6
Cable & Wire	2,600	385	- <u>i'</u>	Rowntree Mac	1,400	482 .	+1
Cadbury Schwps	3,000	255	+2	Rvi Bak of Scotland.	364	320	<u>-4</u>
Coats Vivelia	566	586	- 7	Royal Insurance.	933	989	-iı
Comm. Union	1,300	345	- / 7	STC	4.000	230	+2
Cons. Gold	1,000	752 752	-i7	Saatchi & Saatchi	643	878 a i	-13
Cookson	236	560	-13	Sainsbury	659	459	-i
Courtaulds	570	407	-5	Scott & Newcastle.	1,000	228	- <u>ż</u>
Dee Corp	1,200	247	-ž	Sears	4,100	13312	-3
Dixors Grp	3,700	372	-4	Sedgwick	2,500	314	+ź
English China Clays.	410	388vf	-4l ₂	Shell Trans	2,900	5103	-1,
Fisons	93	646	-j*	Smith & Nephew	8,200	16712	+522
-Gen. Accident	- 354	. 970	_ _	Standard Chart	143	757	-ž°
Gen. Elect	8 300	219	-i	Storehouse	5,400	288	
Glaxo	8,300 3,550	£1413	-2	Sun Alliance	437	755	-24
Globe Investment	809	148	-i	T\$B	5,500	78	_ī,
Granada	1,700	333	−ī	Тагтас	690	536	ai-
Grand Met	1,200	4934	-52	Tesco	831	445	-5
Gus "A"	148	£12,7	-1	Thorn EM	2,900	580	+5
Gyardian R.E.	455	928	-ii	Trafalgar House	1,400	316	-5
GKN	623	345	-3	Thouse Forte	3,400	213	- 3
Guinness	3.300	307	-6	Unigate	272	365	- 5
Hanmerson Prop	497	490	-5	Unilever,	228	£24,3	-2
Hanson Trust	6.987	165	-ī	United Biscults	2,700	279	-5
Hawker Sidd	539	531	-16	Welkome	6,300	440	+17
Hillsdown Higs	726	267	-2	Whitbread 'A'	710	310	-5
1CI	1,900	£14	+	Willis Faber	74	453	-ī
Imp. Cost. Gas	666	6254		Woolworth	194	770	-ŝ
Jaguar	346	614	-6				-

RISES AND FALLS YESTERDAY

ritish Funds orporations, Dominion and Foreign Bonds diustrials inancial and Properties ils lantations lines thers	53 6 559 149 19 2 95 58	30 20 471 231 38 3 3 33 91	30 44 508 207 55 9 54 34
Totals	941	917	941

LONDON RECENT ISSUES

EQUITIES

Issue Price	Arrount Paid	Latest Resent	198	⊌87	Ştock	Closing	+ or		_	Gress	
PTHCE	9Đ	Date	High	Low		Price	_	Drv.	Coy'd	Yield	Ratio
71 %	F.P.	30/1	8012	65	Avesco (Reg) 1p	801 ₂		10.5	6.6	0.0	A05
7 4	F.P.		63	37	∳Barder TV	56.dl	+21,				141
125	65	34	11952	104	British Airways	106%	-2%	R6.0		51	9.4
§110	F.P.		133	123	Date Group 10p	125	_ī ^	R4.5			10.8
<i>§</i> 94	F.P.	6/1	121	107	₹Gaynor Group 10p	121		12.67		35	16.3
£23	F.P.	571	29	24	#Hammony Leisure 5p	29		10.1			23.3
<u>₹</u> 70	F.P.) - -}	87	80	#Hewetson 10p	84		R2.7		4.5	
क्रांक	F.P.	14/1	121	90	Afformby Group 50	90		R3.195			10.2
§128	F.P.	30/1	180	146	Hoskyns Group 5p	180		91.6			24.0
§ 344	F.P.	237	162	14412	MIL Research So	162		R3.0			15.7
§102	F.P.	l!	121	104	- AMayborn Group 5o	118	-2	R3.2			ĩE 3
150	75	!	78	75	Mezzanine Tst. Inc.,	77	l <u></u> '	at10.4		9.7	
50	F.P.	 	53	50	Do. Capital 50p	50		æ10.4		11.7	
有效	F.P.	i	53	52	Multitrust	52			_		
4100	F.P.	i i	109	101	Paribas French Inv. Tst.	109		_		I = 1	
§100	F.P.	!	141	120	&Sanders & Sidney 5p	141	+7	R4.26	20	_	16.1
_	F.P.	l ~-I	106	97	Scot. Inv. Tst. Warragts	100					
§130	F.P.	27/2	183	148	Viking Packaging 10p	133		83.5	3.0	27	17.7

FIXED INTEREST STOCKS

		Latest 1966/87 Stock				Closing Price	+ or
٤	野	Date	HJ¢	Low		£	-
101.61 6100 99.237	510 650 F.P. F.P.	1973 1575 573 —	121, 521, 1041, 1001, 1211,8	471 ₂ 1004 160	May-Kent Water 84% Red Pri. 1997 Mid-Susser Water 11% Red Deb 2012-16 Monts: Inv. Tst. 11% Deb. 2012 Nationands 104% Bot. 15/2/88 P. 4 0. 64% Cnv. Red. Pri.	12 521, 1041, 1001, 122p	+2½ +1

"RIGHTS" OFFERS

	Paki	Latest Resunc	198	67	Stock	Closing .	+ 07
	助	Date	High	Low		p	-
310 170 175 480 137	MG MH Mil MU MII	16/3 18/3 27/3 27/3	78 pm 43pm 25 pm 93 pm 39 pm	40pm 31 ₂ pm 48 pm	Augha TV Burgess Products	75pm 41pm 24pm 75pm 36om	-1 +1 -1

Renordation date usually last day for dealing free of stamp duty. a Annualized dividend to Figures based on prospectus estimates of Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield in a Assumed dividend and yield after scrip issue. F Forest fividend cover on earnings updated by latest informs materient. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualized dividend, cover and pie based on prospectus or other official estimates. W Proforms Figures: i indicated dividends; cover relates to prospectus or other official estimates. W Proforms Figures: i indicated dividends; cover relates to previous dividend; pie ratio based on latest annual earnings. I Forecast, or estimated annualized dividend rate, cover based on previous year's earnings. I Estad by tender: II Official official estimates. P late of capitalisation. F Placend price. F Reintroduced, 18 Israed in connection with reorganisation merger or takeover. A Allotment price. F Unitied sequiples market. 17 Official London fishing. 21 Including warrants entitlement.

FT-ACTUARIES INDICES

Monday February 23 1987

These Indices are the joint compilation of the Financial Times.

	G 405-0.									 -	↓	!		
F	igures in parenthes stocks per		number	of Index No.	Day's Chang		195 %	Gross Div. Yiekt % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	ladex No.	index No.	ladex No.	index No.
_				000.00	1 .07	<u> </u>		- 15	36.60	1.45	070.00	1 000 00	004.00	(77.60
1	CAPITAL 6000	5 (ZUS)		838.95				3.15	16.69	1.40	838.26			
2	Building Material	s (27)		1018.00	-0.9			3.20	16.34	0.72			1026.80	
3	Contracting, Cons	truction (26)	1417.89	-0.5			3.31	20.29	1.72			1419.94	
4	Electricals (12)			1978.73		1		3.97	16.86	1.39			1986.88	
5	Electronics (38)			1904.17				2.19	16.95			1821.02		
6	Mechanical Engin	leering (c	₩	- 477.77				3.48	15,17	0.76	480.04			
8	Metals and Metal			433.48				3.44	14.50	8.00	436.85			
9	Motors (15)		*****	333.82	-0.5			3.14	13.95	0.00			330.56	
10	Other Industrial N					,		3.89	18.83			1396.29		
21	CONSUMER GRI							2.79	20.05				1141.83	
22	Brewers and Disti	llers (22)	·	1042.96	-1.6			3.32	15.34				1054.06	
25	Food Manufacturi							3.31	16.87	1.30	864.60		863.28	
26	Food Retailing (1)	(6		2117.37				2.61	23.31	9.65			2118.12	
27	Health and House	bold Pro	tucts (10)) 2295.23				1.65	28.01	0.28			2220.38	
29	Leisure (31)			1152.59				3.60	20.16				1151.80	
31	Packaging & Pape Publishing & Prin	576.38				2.91	21.17	0.38	584.87					
32								321	22.46	3.41			3683.48	
34	Stores (37)		************	943.54			79	2.87	20.01	1.25	961.14			
35	Textiles (17)			685.94				2.95	15.12	0.17	693.74			462.69
40	OTHER GROUPS	i (88)		968.13	-0.5			3.46	15.51	1.67		956.92		772.A5
41	Agencies (17)		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1337 <i>5</i> 4	-1.5			1.85	29.81	333		1344.61		0.00
42	Agencies (17) Chemicals (21)			1279.72	+0.1	6.9)4	3.30	17.56	2.85			1260.50	881.93
43	\ Conclumerates (1	3)		11251 76				3.49	16.91	2.00		1241.81		0.00
45	Shipping and Trai	isport (1	D	1,885.66	-1. I		ᄪ	4.22	17.02	0.00	1906.69	1894.61	1901.43	1521.68
47	Telephone Netwo	rks (2)		971.70	-0.5			3.97	24.17	1.09		947.01		
<u>48</u>	Miscellaneous (24	{)		<u> 1317.12</u>	-0.4	_ 9.2	26	3.19	12.17	3.23	1322.97	1389.26	1344.87	976.77
49	INDUSTRIAL GR	10UP (46	32)	2027.77	-0.6	7.3	4	3.06	17.74	192	1034.21	1017.66	1027.37	793.99
51	Oil & Gas (18)			1562.08	-2.0		_	5.52	11.64	19.18	1503 01	1577 94	1601.92	
59	0il & 6as (18) 500 SHARE IND	1072 72	-0.8			3.38	16.62	3.43		1064.32				
	FINANCIAL ORG	400 4			_			_			+			
61	FINANCIAL GROUP(117)		} 683.41	-1.1			4.12	=	0.57	691.03			556.97	
62			740.76	-1.7		16	4.96	8.00	0.69	753.20				
65 66	insurance (Life) (7/		981.15	-0.9		٠ (3.95	-	0.00	989.73			
	Insurance (Compo	22 (C)		547.09	-1.5		<u>.</u>	3.97		0.90		544.43		
67	Insurance (Broke	rs) (4)		1191.65	+0.1		18	4.45	16.09	1.58			1200.97	1278.14
68 69	Merchant Banks (11/		3/8./3	-0.3		_ [3.84	<u></u> _	0.02	380.02			326.22
70	Property (47)			8/3,41	-0.9			3.37	23.71	0.75	881.54			
	Other Financial (2			(420.71	<u> </u>		Z	3.58	16.99	1.47	428.14			
71	Investment Trusts	(%)		945.85			. I.	2.45	l . .	2.12	955.87	952.81		690.59
81	Mining Finance (2	2)		372.95				431	14.32	0.00	379.01	369.67		275.91
91	Overseas Traders	(12)		863.80			<u>4 .</u>	5.20	23.01	10.04	877.33	862.66	863.47	
99	ALL-SHARE IND	EX(727)		965.86	-0.9	⊥ -	· I	3.47		2.73	974.35	960.83	971.13	745.76
	1			Index	Day's	s Day	' 3	Day's	Feb	Feb	Feb	Feb	Feb	Year
				No	Chan	and Little		I mu	20	10	18	17	14	ago
	FT-SE 100 SHAR	E INDE	(2	1939 7	L-21 8	1059	2 1	033 0	1963 5	1062 A	1042 6	1025 8	1898.1	
_	111-00 200 20170	L INUL	· T	1737.7	1-21.0	17,700	2 17	736.7	1270123	1732.0	17420	1 1723.0	1703077	0.000
										-	- 1	Marr	-	U
	EIN	(En I	NTE	REST			l l	AYER	AGE GRI	iss	. 1	Feb	Frit	Year ago
	• 17	/TP	IIA F E	rej:				KEDE	MPTION	YIELD'S	'	23	20	(approx.)
_											ĺ	- 1		
	DDICE	Mon		ا يوا	[Brittis	ık Govern	ment	\neg	$\neg \neg$		
	PRICE INDICES	Feb	Day's		d adl.	xd adj.	1	Low		years		8.64	8.74	9.49
		23	change %	20	today	1987	2	Coupor	ns 15	years		9.46	9.47	9.83
_			70	20		to date	3	1	2	years		9.47	9,48	9.83
	British Covernment	l			\neg		4	Media	m :	years		9.81	9.82	20.77
•	5 years		40 no	122.28	_ 1	145	5	Сопро		years		9.69	9.70	10.21
				1				,) .	2	years		9.57	9.59	9.94
	5-15 years	138.17	+0.09	138.24	0.19	255	7	High	-	years		9.85	9.85	10.90
3	Over 15 years	146.20	+0.09	146.07	_ 1	2.16	Š	Couper	ns 15	years		9.85	9.86	10.39
	Irredeemables	160.43	+0.15	1	ا مور	_	9		2	years		9.60	9.61	10.08
	I				1.28	1.28			emables		+	9.39	9.40	9.72
_5	All stocks	135.38	+0.89	135.36 (0.20	2.12			-Linked			 }		 •••
	Index-Linked						٠		-Laures 1 rate 5%			200	940	A 9E
Z	1	118.13	40.77	,,,, _, .	ایم						5 yrs	2.89	2.98	425
_	5 years				0.83	0.83			n rate 5%	Over:		3.41	3.41	3.72
7	Over 5 years	120.16	+0.01	120.15	- I	83.0	13		g rate 109	·	yrs	1.19	1.27	3.18
8	All stocks	119.83					_14	Inilati	n rate 109	UVET.	5 yrs	325	325	3.55
ت_	All stocks 119.83 +0.03 119.92 0.13 0.70				4.70	15	Debs &	<u> </u>	5 yea	rs	10.63	10.62	11.46	
	Behentures & Loans	119.97	+0.58	11007	370	1 41		Loans		15 yea		10.65	19.68	11.18
-4					0.70	1.01	17	1		25 yea		10.65	10.68	10.98
10	Preference	83.82	+0.28	83.82	124	0.54		Prefer			-	11.21	11.20	12.18
			'		סב י	. FICILITY			''	التهيد	******			

ing ladex 1958.1; 10 am 1955.2; 11 am 1951.8; Noon 1943.3; 1 pm 1949.5; 2 pm 1952.9; 3 pm 1952.9; 3 30 pm 1945.2; 4 pm 1940.2

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituent is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p. CONSTITUENT CHANGES: Fotherbill & Harvey (10) has been deleted and replaced by British Airways (45). NAME CHANGE: McKechnie Brothers has changed its name to McKechnie (8). State Control

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Financial Times	Tuesday Fe	bruary 24 1987 ØØ	V	ORLD STO)(
			· V V	OKEDSIC	<u></u>
AUSTRIA	GERMANY	NORWAY	AUSTRALIA (conti	co : + or Price ! +	م ا <u>آ</u>
Feb. 23 Price + or Sch	Feb. 84	Price + or Feb. 20 1	roner — Feb. 25 Auet 191 +1 Gen. Prop. Trust 9.7	5 MH1	- ·
Goesser	BASE	245.8 —2.7 DenNorske Gred. 285.3 —5.8 Elkem	209 -5 Hartogen Energy 5.1 172 -0.6 HeraldWy Times 18, 91 -2 ICI Aust	570	60 12
Perimoser	Bayer-Verein . SHF Bank SMW Brown Boyer!	421 1 7.5 Kyzerner	127 +0.5 Kia Ora Gold 1.2 216 Kidston Gold 7.7 153 1154 116	+0.05 Nikko Sec 9 160 1 -9	00 75 90
BELGIUM/LUXENBOURG 1 Price 1 + or Fab. 25 Frs	Commerzeane Cont'l Gummi Daimler-Benz.	303 —5.9 Storebrand	305 -4 Mayne Nickloss 4.3 Next. Aust. Bank 5.3	5	130 19 100 11 15 2
Bang.Gen. Lax - 15,550 Bang.Int.A.Lux - 16,200	Deguesa	646 —19 339,6 —9.2 Feb. 23	rice + or Noranda Pacific 3.5	+0.1 Nippon Oil	10 7
Bekaert	Henkel	912 -3 Bco Central 1 244.6 -3.6 Bco Exterior	.000 +20 IPacific funion I d.Ai	8 -0,82 Nippon Suisan,; 619 +1 6 -0.85 Nippon Yusan, 556 +1 -0,85 Nissan Motor, 6096	14 3 15 2 2
EBES	Holzmann (P). Horten	500 -1.5 Bco Popular	894 +6 Poseidon 7.0	7 +0.81 Olympus	10 6
Generale Bank 6,290, +10 Gevaert	Karstadt Kaufnof KHD Kloeckner	476 -4,5 Dragados	729.5 +54.5 Thos, Natwide 4.66 88.74.5 137.71 Tooth	5 -0.05 Orient Leasing 3,5609	10 61 14 11
Pan Holding 9,300 + 400 Patrofina 9,500 + 40	Lufthensa	; 1711 ; 175 ! -1.6 CHIEDEN	189.5. +2.5 Western Mining 6,00 Westpac Bank 4,60 Woodside Petro! 1,9	0 +0.22 Sanwa Bank 2,160 -1 -0.08 Sanyo Elect 390 +4	BO 32
Royale Beige	Mercedes Nid. Metaligeseil Muench Rusci Nixdorf	770 -15 256 -4 Feb. 23 K	rice: + or Wormald Intl	Shimizu Constn., 989 +6	50 19 10 10 10 10
Tractebel	Preussag Rhein West Ele	870 +5 Alta-Lavai B	HONG KONG	Shienogi	10 35 0
DENIMARK	Resenthal	608.5 -3.0 86.jer A B	158 +2 H.K.		50 50 42
Feb. 23 Price + or Knr 2 -	Veta	155.2 +1.2 Essete	52 +4 China Light 21.6	20 +5.26 S'tomo Metal 180 -2 Taisel Corp 985 +1	5 30 0 17
Balton Skand 905 + 10 Cop Handels'nk. 278 + 7 D. Sukkerfab 346 Danske Bank 3321	Volkswagen	341 —5 Pharmacia	139 +3 Henderon Land 8.2 160 +1 HK China Gas 23.6 17 HK Electric 16.1	+0.3 TOK	00 35
East Assetic 210 +2 Foreneds Brygg; 905	Feb. 23 Banco Com'le.	Lira : — Skan Enskilda	17 (+1 HK Experiment 10,8 45 +2 HK Shanghai Bk. 10,8 15 +13 HK Telephone 14,8	+0.1 Tokai Bank	0 34
1.S.S.B	Bastogi-IRBS	681 -4 Swedish Match	128 +3 Indust.Equt.Pac. 24.5 113 +6 Jardine Math 25.0 New World Day 10.6	+0.1 Toppan Print1.570 -5	41 67 67 72
Sophus Berend. 805 Superios	General Assicu Italzementi La Rinascanto.	7. 130,760 +800 SWITZERLAND - 78,850 +550 SWITZERLAND - 1,155 +50	SHK Props	1	0 12 0 11 0 33
FINLAND Feb. 25 Price + or	Montedison Olivetti Pirelli Co Pirelli Spa	12,385, +515 Adia Intl	Wharf Holdings 9.6 425 -25 Winser Inds 9.4 World Int. Hidge 3.9	6 +0.1 Victor 19 350 -70	9 L
Amer	f 55:00:00	4,500 Bank Leu 3 4,570 +18 Brown Boverl 29,900 +880 Clba Geigy 2 60. Part Certs! Credit Sulsse	705, -25 250, -20 250, -20 200, -50	; Yanazaki	8
Kone 168.5 + 1.5 Finnish Sugar. 113.5: + 12.5 Nokla 152 + 4 Pohjola 8 84.6 + 8.0	FRANCE	Credit Sulsse		7 -50	_ <u>N</u>
Rauma-Repola; 20,7 ; +0.8 Stockmann 'B'; 186 ' +9 UBF 'C'	Feb. 23	Fre. Jacobs Suchard. 7	900 —300 Asahi Chem 810	+30 -20 Boustead Hidgs, 1.75	_
Wartsila (811) 904,5; +12,5 NETHERLANDS	Emprunt 41% 187 Emprunt 72 197 Accor Air Liquide	37775 176 Nestie			40 15 16
Feb. 23 Price + or	BiC Bongrain Bonyques BSN Gervals CIT Alcatel	2 44G - 4 1001 301 (004 (D) (01) (01)	300 —100 Casio Comp	+10 Genting 2,00 -0, Haw Par, Bros. 4,08 +0, Hong Leeng Fin. 3,24 +0, Incheape Bhd. 3,10 -0, Keppel Corp. 3,02 -0,0 Malay Banking 7,10 -0, T,10 -0,	04 06
ACF Holdings 60.8 +0.2 AEGON 96.9 -0.5 Ahold 107 -2.4 AKZO 231.7 -1.1	CIT Alcatel Carrefour Club Mediter n. Cle Bancairo		740 —10 Dai Nippon inki 638 000 —165 Dai Nippon Ptgi1,840 160 —30 Daiwa Homei1,870	+2 Malay Utd. Ind 2.12 -20 Multi Purpose 0.84 -40 OCSC	` 16 _
ABN	Cofimeg	403.9; —I Swiss Volksbk 2	400 —350 Elsai — 2,780 240 —90 Fanuc — 5,510 250 —265 Euli Bank	+40 Public Bank 1.68 +0.1	01 12 20
Buehrmann Tet. 52.1 —0.6 Dordtsche Pet'm 200 +1 Elsevier-NDU 242 —2	Durity Dumez S.A. Eaux (Cle Gen) Elf Aquitane Essilor	2,009 +19 Zurich ins	250 -300 Full Film 3,570	-50 Straits Trdg 4.10 , -0.	Se 1994
Fokker	Gen.Occidental Imetal	1,245 +5	Fujitau 950 Fijrukawa Elect. 493 Green Cross 957 Helwa Real Est. 1450 Hitachi 1030	+8 +70 +70 SOUTH AFRICA Price +0	- =
Hunter Doug NV 57 : -0.4 IHC:Caland	Legrand	3,959 +99 ACI Intl	95 Honda	-80 Feb. 25 Rand	- -
KLM 41.5 -0.2 KNP 145.5 -1.5 Nat Ned Cert 72.7 -0.4 Ned Mid Bank 175 -2	Michelin 8 Midi (Cle)	1,550 +20 Ampol Pet	08 +V42 isuzu Motor 315	+15 Allied Tech 97 -3 Angle Am. Coal 40	: <u>,</u>
Ned Mid Bank	Motrinex	197.6 -0.4 Aust, Guzrantee 8 1,025 +22 Aust, Nat, Inde 3 Bell Group	5 +0.65 Kajima	+40 Barclays Bank 18,75; +0,1	Z5
Philips	Petroles Fra Peugeot S.A Printemps (Av)	1450 -0.1 Bell Res			8 🚅
Royal Dutch	Peugeot S.A	1,320 -27 Srambles Inds 8, 97, 700 Bridge Oil 0, 16, 622 +22 BHP 1, 1471 -3 Burns Philip 1	68 +0.85 Kobe Steel 283 80 Kobe Steel 283 Kamatsu 615 60 Kometriyau 626 Kubeta 450 Kubeta 1,300 Kyocera 4,300	+4 F. S. Cons	75 (-
VMF Storic	Skis Rossignol Telemec Elect Thomson (CSF) Valec	1,351 +9 CRA 7,351,488 +3 Chase Corp 4,000	04 -0.09 Marubeni 455	+4 Nadbank 6.2	1
NOTES—Prices on this page	are as quoted or	Consolidated Pet; 0.	4 + 0,15 Mazria Motors 362 682 + 0.02 Meija Seika 900 685 686 687	-30 Rust Plat 51.875 + 0.27 -30 Safren 20 -20 -50 Sage Hidgs 12.0 + 0.1 -18 SA Brews 17.75 + 0.2	ž "
exchanges and are last traded and Ex dividend, and Ex scrip issue in Kroner.	prices. S Destin	gs suspended. Ex sti. * Price Eders IXL	20 ; M'bishi Corp 1'010 0 ! +0.02 M'bish Elect 498		
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OVER-THE-	COUN	TER Nasdaq national	market, closing prices		_ =
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Composite	282.38	285.44	285.57	285.02	25.0	(e)	(17/2/87) 285,49	(22/1) 283.49	285.49	4.40	۱ 	ca Comm. It	al.(1972	691,47	687.68	650,83	677,00	908,20 (20)	9 ,454.67	(24/T/B5·
	146.38		اخصا				(17/2/87)	(22/1)	17/2/17		Nikk	AN** (al (18/5/48) (o SE New (4	l/11881	18940,5 1729,46	20088,4 1752,27	20228,1 1762.67	19881.6	, 20228.1(j 9/2/ 1762.87(j9/2/	87 2981,0 87 1895 =	(27/1/86) 5/200/86)
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los dir yield lost. P/E Rad			_	2.68 19.87	11	1.75 1.34	2.8 18.9	3	3.4 14.1	18	AMP	CBS Indust	(197P) [*]	250,5	249,8	248,5	246,9	803.8 (18/		
Long Sov Sov M.Y.S.E. ALL			=L	10.81	1 '	1.92	7.3	S AND F	S.	Z	Oslo	SE (4/1/85)		(u)_	291.88	582,85	380,27	432,91(18/1/	881 [!] 531,6	l (4,8)
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			25/2/87		7 🙀			769 398	743 409	785 485	SPAI	N rkd 8E (50/12/	45)	255.89	252,18	249,55	248,99	255,95(28/2/	100.83	3,1,86;
TORONTO					1		T	=	997	==	SWE	DEN			!		i	<u> </u>	_,	

Certag Change Price at Day 285 — 5 283 — 5 985 + 15 989 + 68 1,848 + 54 538 +30 440 +17 312 +13 Trencherw . Chief price changes LONDON (In pence unless otherwise indicated) Wellcome. 179 +15 98 + 7 345 +55 335 +29 Whitecroft Newb & Burt Norcros Persimmon ... FALLS: RISES
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Birmid Quale _____ 256xd + 44
Br Walker ____ 378 + 11
Bryson Oil & Gas ___ 106 + 15
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FII Group 460 +65
Greenwich Res. 193 +25
Highgate & Job 289 +25 Plessey ____ Racal Elec. __ Sun Life ____ Tate & Lyle _ Norgan Cren . NatWest Bk ... 249½ +21½ 973 +16 740 +29 989 **—**11 Royal Ins.

1,514,7 1,514,73 2,515.1 (19/2/87) 3,562.5 (19/2/87)

Sneks Clesing Traded Price 11.78m 238 11.28m 1,940 16.91m 805 10.35m 120 9.74m 488

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NEW YORK CLOSING PRICES

Feb Feb 23 20

CONTREAL Portfolio

Feb 19

TOKYO - Most Active Stocks

Feb 18

2,417.2 1,518.3 2,515.1 1,814.7 2,515.1 (18/2/87) 1,817.4 (5/8) 3,487.6 (1,784.82 3,562.6 (18/2/87) 2,754.0 (17/2)

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Continued from Page 45

THE WORLD VALUE
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SWEDEN Jacobson & P (81/12/85) 2390.76 2570.82 2536.45 2508.22 2672.78 (7/11) 1729.57(29/1/86

SWITZERLAND Swiss BankCpn(51,12/58); 558,5 568,1 576,3 571,2 525,5 (8/1.95) 497,2 (4/8,85)

WORLD MS. Capital Intl. (1/1/70) — 488,1 487,2 465,6 408,1 (20/2)87) 249,8(28/1/8

** Saturday February 21: Japan Nikkai (c). TSE (c).

Base value of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7. JSE industrial—264.3, and Australia. All Ordinary and Metale—500: NYSE All Common—50; Standard and Poors 10: and Toronto Composite and Metale—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| Compared Comid pi2-48 13 43 24 CornGi 1.40 24 16 Corellas .65 1.8 15 Corellas .65 1.8 15 CTSF n.0ie .7 CTsi n Kidder, Peabody International **International Investment Bankers**

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

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NBICCO 15/2 7/2023/304 1/2024 1/2024 1/2025

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

FINANCIAL TIMES

WORLD STOCK MARKETS



Monetary and political fears trigger fall

WALL STREET

BANK STOCKS led a short, sharp retreat on Wall Street yesterday as negative economic and political news triggered heavy selling, writes Roderick Oram in New

After opening slightly ahead, stock markets fell rapidly in mid-morning as investors became pessimistic about the impact on banks of Brazil's interest payments morato-rium, and the slow and only modestly positive response credit and foreign exchange markets gave the industrial nations' currency pact.
The Reagan Administration's growing difficulties over the Iran arms affair added to the gloom.

The Dow Jones industrial average closed down 18.69 points at 2.216.54. At its worst it had been down 44 points before staging a partial recovery. Some share sales were triggered when stock index futures fell to a discount to the underlying stocks although this pressure evaporated when the futures rebounded to a premium.

Among the broader market indices, the Standard & Poor's 500 fell 3.10 to 282.38 and the New York and ness to intervene in foreign ex-American stock exchange compo-changes. This might involve US au-1.57 to 316.33 respectively.

Institutional investors did not appacing those rising by 1,151 to 433 intervention. although the ratio had been as high

\$143% on nearly 3m shares boosted by an anlayst's buy recommenda-

Money centre banks with large Third World loan exposures were hit hard by Brazil's interest pay-ment moratorium. Citicorp fell \$3% to \$54%, Chase Manhattan dropped \$1% to \$38%, Manufacturers Hap-

Warner Communications has over gave up \$1% to \$46%, Chemical lost \$2% to \$46%, J. P. Morgan shed \$1% to \$45% and BankAmerica retreated \$% to \$11%.

Rainier Bancorporation jumped \$5% to \$47% on more than 1m ket. The Seattle bank holding company said it was discussing takeover offers from two large unidentified competitors. Analysts believed the suitors were Security Pacific, off \$1% to \$40%, and First Bank Sys-

Bally Manufacturing, the health club and casinos group, dropped \$1% to \$18%. It paid Mr Donald Trump, a New York raider, \$24.08 a share for 2.6m Bally shares he held and gave him the option to sell another 500,000 at \$33. In total, Mr Trump held a 9.9 per cent stake which has netted him about \$24m from a three-month attempt to take

over Bally. American Motors, the car maker controlled by Renault of France,

Paris

STOCK MARKET INDICES

ENVYORK Feb 23 Previous Year ago DJ Industrials 2,216.54 2,235.25 1,897.71

938.95 915.55 797.72 220.41 222.02 185.53

569.95 578.64 653.79 1,724.20 1,747.2 1,968.1

224.62

300 200

DJ Transport

S&P Comp.

NEST GERMANY

LONDON FT

rose \$% to \$3% on 1.2m shares after Montreal

CAC General

fourth quarter compared with a loss of \$6.7m a year earlier. Its loss for

the full year was sharply lower from 1985's loss. Viacom added \$1% to \$47%. It re-ceived a revised takeover offer from

Arsenal Holdings, a subsidiary of National Amusements. Celanese was suspended at \$245

pending its delisting as Hoechst completes its purchase of it. The credit markets showed no significant reaction until mid-after noon to the weekend agreement by finance ministers from the six leading industrial nations to try to help stabilise currency rates near pres-

ent levels. Prices of US government securities rallied modestly late in the session with the 7.50 per cent benchmark Treasury long bond adding 1%2 of a point to 99% at which it yielded 7.52 per cent.

Credit and foreign exchange market players were somewhat unsure about the implications of the Paris pact. The language of the accord was unspecific but comments by participants about increased swap facilities, for example, could indicate a greater central bank willingsite indices lost 1.70 to 161.12 and thorities which traditionally inter-

vene very occasionally. US analysts continue to believe pear to be heavy sellers during the morning. The session's trading vol-keenly influenced by domestic US keenly influenced by domestic US ume was moderately heavy at economic figures, particularly the 170.9m with declining issues out-trade deficit, than by central bank

The pact could thus face a major as six-to-one in mid-morning.

The recovery was helped by some technology stocks. IBM rose \$3% to deficit range from \$10bn to \$15.5bn with a median of \$14bn, compared with a shortfall of \$10.7bn in December. Foreign exchange markets could try to drive down the dollar if December's deficit is revised upwards or if there are few signs of an underlying trend towards lower def-

bought a 50 per cent stake in Gulf & Western's US cinema chains. The reverse was erroneously reported

AFTER A 35-point fall in early trading, share prices in Toronto continued to slide on concern over Brazil's suspension of debt payments.

Losing issues outpaced gains by 480 to 258, with bank shares the worst hit in a re-run of Friday's ses-

In active trading, Royal Bank lost C\$14 to C\$344, Bank of Montreal C\$1% to C\$34%, Bank of Nova Scotia C\$1¼ to C\$18½ and Toronto Dominion C\$1% to C\$27%.

Dome Petroleum edged up 1 cent to C\$1.19 and Canadian Pacific dropped C5% to C\$21% among other active stocks. Banks also led a broad decline in Kevin Hamlin reports on the latest Hong Kong record

Mr Li inspires run to new peak

THE LATEST record high in Hongkong yesterday focused on property tycoon Mr Li Ka-shing's group of companies whose shares surged amid strong market rumours of an imminent reorganisation.

The Hang Seng index climbed 51.61 to a peak of 2,879.01, almost entirely on trading in shares of Chemic Very Halding the transit flucture.

Cheung Kong Holdings, the group's flagship company, Hutchison Whampoa, the trading group controlled by Mr Li, and Hongkong Electric, the utility in which Mr Li holds a 24 per cent stake.

Speculation grew when Green Island Cement, a trading concern controlled by Cheung Kong, was suspended from trading without explanation.

Mr Li has also surprised the market by bringing the reporting date for group results forward by a month to next Monday.

The expectation of corporate moves within the Li empire has been further stoked by rumours that nominee interests have built up a 24 per cent stake in Hongkong Electric.

Cheung Kong jumped HK\$3.25, or nearly 8 per cent, to HK\$47, Hutchinson Whampoa gained HK\$1.50 to HK\$56, and Hongkong Electric added HK\$1.00 to HK\$16.10, all 12-month highs.

The three concerns accounted for almost a third of the Hang Seng index's HK\$1.76bn (US\$226m) turnover, compared with HK\$1.56km on Friday when the index rose 51.58 points.

Analysts said a reorganisation would enable Mr i to capitalise financially on the current bull mar-Li to capitalise financially on the current bull mar-ket, which has seen the Hang Seng index rise by some 300 points this month.

They foresee flotations for the privately-held con-cerns like Union Faith, which holds a 43 per cent

Kong International Terminals (HIT).

HK-TVB, the territory's leading television company, fell against the trend, losing 29 cents to HK\$13.69 after Australian entrepreneur Mr Alan Bond increased his shareholding to 28.7 per cent.

****EUROPE**

Banks lead downturn in Frankfurt and Zurich

A CAUTIOUS response by UK securities markets to the Paris

agreement on exchange rates

was balanced by good domestic

news. Encouraging surveys on the economy from the employers'

organisation, from the CBI, and the London Business School,

provided early strength. But optimism about lower in

terest rates faded and Wall

Street's sharp early drop served to unsettle the market. The FT-SE index fell back, giv-

ing up most of Friday's larges-

tever points gain with a drop of 21.8 to 1,939.7. The FT Ordinary

index was down 10.1 at 1,556.9.

Gilts prices fluctuated narrow-ly. Details, Page 42

Among other blue chips, Nestle fell SFr 225 to SFr 8,625 and Jacobs

Suchard was SFr 200 lower at SFr

Paris posted a cautious advance

Foods were one of the first ex-

port-oriented sectors to benefit

from a more stable exchange rate

climate BSN jumped FFr 89 to FFr

weekend talks in Paris and the

more stable dollar. Internationals

retreated FI 1.70 to FI 37.80 and Un-

ilever at FI 505 was FI 2.50 cheaper.

Industrials continued to make up

End of month figures

change

--0.04

-0.05

-0.07

lise world currencies.

LONDON

THE SUSPENSION by Brazil of interest payments on its foreign commercial debt strongly discouraged European investors, hitting bank stocks particularly hard. There was also more caution than optimism over the likely success of the weekend currency accord.

Frankfurt fell sharply with fears over Brazil's debt cutting into hank shares then quickly affecting the rest of market. Deutsche Bank dropped some 3 per cent, by DM 20 to DM 645, Commerzbank shed DM 11.30 to DM 250 and Dresdner was DM 9.20 lower at DM 339.80.

Foreign investors added to selling pressure and the Commerzbank index. calculated at mid-session, was 23 down at 1,724.2.

Industrial blue chip Siemens fell DM 8.80 to DM 643, while chemicals Bayer and BASF fell DM 5.80 to DM 285.20 and DM 2.70 to DM 245.80 respectively. Hoechst shed DM 3.50 to DM 244.50.

Cars fared poorly. Daimler lost DM 21.50 to DM 931 in spite of having reported "pleasing" profits for 1986.

Bond prices fell sharply and the Bundesbank bought DM 35.6m of paper in its market balancing operations, after selling DM 114.6m on

Zurich was pulled lower by for 4,699 while Pernod added FFr 22 to eign and domestic selling of bank FFr 1,025. shares on Brazil's move. The Crédit Amsterd Suisse stock index lost 7.9 to 527, its flurry of activity inspired by the

lowest level since October. Union Bank dropped SFr 265 to SFr 5,250, Swiss Bank SFr 28 to SFr eased, however, on the sharp opening falls on Wall Street Akzo SFr 3.300. Insurers were also down, fell Fl 1.10 to Fl 131.70: Hoogovens with Zurich Insurance off SFr 300 to SFr 7,250

SOUTHAFRICA

LIGHT profit-taking brought gold Mining shares and mining finan-share prices off the day's highs but cials also closed firmer with Anglo the sector still closed slightly firmer American up R1.25 at R69.75. Diamond share De Beers also firmed,

in quiet trading.

Leading gold stock Vaal Reefs by 30 cents to R40.

Industrials continuation and the industrials continuation in the industrial continuation in group, with the index up 9 on Friday's record close of 1,580. touching R370 earlier. Beatrix rose

KEY MARKET MONITORS

volume. Wagons-Lits, the tourism group, however, sustained a sharp fall of BFr 120 to BFr 5,530 while

Groupe Bruxelles Lambert advanced BFr 20 to BFr 3,440 amid news that its chairman Baron Leon Lambert is to step down. GBL has recently come under selling pressure due to the SEC investigation of its US affiliate Drexel Burnham Lambert. GBL has a 55.8 per cent stake in Lambert Brussels Corp which holds a 28.3 per cent interest

in Drexel Burnham. latest Consob moves on reform of bourse trading hours.

on strong domestic demand.

Stockholm edged higher in confident trading that took Volvo SKr 6 higher to SKr 313.

Osle continued to make modest ogress Madrid was led higher again by construction issues

chemical group Solvay retreated BFr 70 to BFr 9,000. Banks were un-

moved by the Brazil news

Milan gained ground amid the Industrials were bought higher

after the weekend attempt to stabi-Consob reforms, Page 24

Brazil debt move forces retreat by financials

TOKYO

BRAZIL'S suspension of foreign debt interest payments sparked a wave of selling in Tokyo yesterday which centred on financial issues and drove share prices sharply lower, writes Shigeo Nishtwaki of

The Nikkei average of 225 select issues fell 139.89 from last week's close to 19,940.50. Volume decreased to 626m shares from Friday's 982m in lacklustre trading. Declines outnumbered advances by 498 to 374, with 147 issues un-

Against the trend, however, Nip-pon Telegraph and Telephone (NTT) closed Y250,000, or 11 per cent higher at Y2.4m, double its in-

itial selling price of Y1.19m. Issues relating to the Govern-ment's fiscal investment and loan programme were sought on the strength of Japan's commitment to expand domestic demand, renewed at the meeting of finance ministers from the leading industrial countries in Paris at the weekend. Among financials, Sumitomo Bank phunged Y160 to Y3,080, Sumi-tomo Trust and Banking Y220 to Y4,060, Industrial Bank of Japan

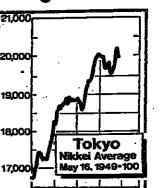
Y180 to Y3,080 and Bank of Tokyo

790 to Y1,250. Securities issues also

fell, with Nomura Securities falling Y60 to Y4,130. Large-capital steel and shipbuilding issues were weaker. Nippon Steel topped the active list, but its volume totalled only 41.27m shares, a 10th of its peak volume in early February. The issue declined Y5 to

Kobe Steel, the second-busiest issue with 26.54m shares changing hands, shed Y5 to Y283. Mitsui Engineering and Shipbuilding, with 11.79m shares traded, dropped Y10 to Y239 while Kawasaki Steel fin-

ished Y11 lower at Y218. Blue chips were bought in early trading following agreement on exchange-rate stability at the finance leaders' meetings in Paris. However, blue-chip issues turned easy



ter a firm start on the Tokyo for-

eign exchange market. Matsushita Electric Industrial, which opened Y20 higher, finished Y30 lower at Y1,940. Hitachi lost Y20 to Y1,030 and Fuji Photo Film Y30

to Y3,570. Reflecting investor expectations of expanded public works to boost demand, Taisei Corp was the third most active stock with 18.44m shares and jumped Y15m to Y985. Shimizu Construction, fourth with

Biotechnology issues were sought Y20 to Y2,750 and Yamanouchi Pharmaceutical Y60 to Y3,950.

buying by dealers. on the short-term money market ry 8. merated strong hopes among capital market

that of the benchmark issue.

The yield on the 5.1 per cent govas the dollar slipped below Y154 af- Friday's 4.685 per cent.

AUSTRALIA

LATE SELLING pressure brought Sydney prices down from the day's highs but left the All Ordinaries index up 1.0 at a third consecutive record close of 1,608.3.

Support remained strong for se-lected industrial and mining stocks, The All Industrials index put on a further 4.9 to close at a record 2,545.3. Among the sector's biggest advances, Lend Lease added 30 cents to A\$11.60 prior to news of its interim results. Arnotts rose 10 cents to A\$5.60 and Bell Group was

15 cents up at AS10.55.
In medias, News Corporation was unchanged at A\$23.50 amid news of record operating profits. Fairfax added 10 cents to AS16.60, Queensland Press firmed by 50 cents to A\$22.00 but Herald and Weekly Times slid back 40 cents to A\$18.30.

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SINGAPORE

17.93m shares, surged Y69 to Y989 HECTIC late buying of quality Some private rail companies at-tracted buying interest. Tobu Rail-record levels after profit-taking had way was the fifth most active stock trimmed an earlier surge. The with 15.52m shares traded, rising to Straits Times industrial index Y1,040, and Tokyo Corp added Y50 edged up 0.22 to a three-year high of 1,062.17.

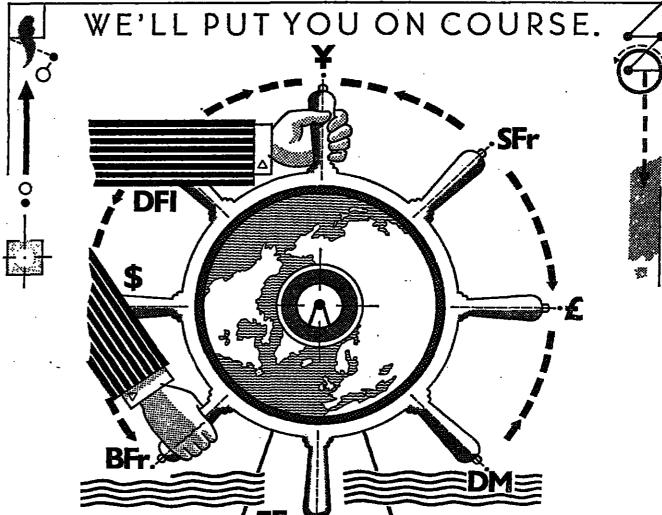
Blue chips were the main targets toward the close, with Sankyo rising Y50 to Y1,650, Takeda Chemical active stock in trade of 6.4m, picked up 16 cents to hit a 12-month high of harmaceutical Y60 to Y3,950. S\$4.08. Hong Leong Industries rose Bond trading was inactive, but 16 cents to S\$2.17, and Singapore prices rose, bolstered by speculative Airlines jumped 20 cents more to buying by dealers.

S\$11.10 in a run which has seen it Sharp drops in bill discount rates advance by 20 per cent since Janua-

Among banks DBS rose 40 cents lealers that investment funds to a 12-month peak of S\$12.20, and would be shifted to the long-term Tat Lee Bank put on 12 cents to apital market. S\$3.22, but heavy profit-taking Dealers bought the benchmark clipped 10 cents from OCBC to 5.1 per cent government bond and S\$10.40 and 2 cents from OUB at bonds with similar maturities to S\$3.84. Malayan Banking fell 10 cents to S\$7.10.

Sime Darby, down 12 cents to ernment bond, maturing in June S\$2.76, and Singapore Press, down 1996, dipped to 4.675 per cent from 15 cents to S\$3.40, were among less favoured quality stocks.

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1,556.9 1,567.0 1,275.2 1,939.7 1,961.5 1,518.0 965.86 974.36 745.78 SE 100 1,072.12 1,080.78 822.26 A 500 313.7 300.9 332.1 950 9.61 10.18 A Long gift TOKYO SOUTH AFRICA JSE 19,940,5 20,080,4 13,394,3 Tokyo SE 1,729.42 1,752.27 1,070.13 AUSTRALIA Metals & Mins. 778.8 778.3 509.9 AUSTRIA Credit Aktien 203.86 204.77 236.91 BELGIAN SE 558,30 568.1 4,141.90 4,153.83 3,260.42 Belgien WORLD MS Cap. Int'l Feb 20 CANADA 408.1 COMMODITIES (London) 2,447.2 3,535.3 2,178.0 3,487.8 1,794.82 2,809.7 Met& Mins 356.30p 356.25c £922.50 £928.25 **Portfolio** - 1,136,39 Copper (cash) £1,526.00 £1,512.50 BEHNMARK SE 516.925 \$17.275 - 206.58 229.77 GOLD (\$/oz) France Feb 23 CAC Gen 421.10 419.70 313.9 403.75 403.25 105.90 105.08 75.00 ind, Tendence

Feb 23 Previous Year age Hang Seng 2,879,01 2,827,40 1,747.06 ANP CBS **-- 381.88 356.57** Straits Times 1,062.10 1,081.95 640.44 -- 1,571.0 1,140.4 255.95 252.18 114.18 2.890.78 2.370.92 1.836.47 4072 2772 399.75 398.85 405.10 403.25 404.60 Luxembourg New York (April) * indicates latest pre-close figure

US\$ 2.20 US BONDS US DOLLAR

- 1.5425 1.5295 1.5275 2.8225 2.795 153.60 237 234.76 6.0875 9.3975 9.305 1.5445 2.385 2.38 2.0825 3.1875 3.1625 1.299 2.008.5 1.925 37.84 58.45 57.90 1.3300 2.0545 2.0335 6% 1988 99°%; 7% 1993 99°%; 7% 1996 100%; 7% 2016 99°%; 6.311 7.036 6.236 INTEREST RATES Day's Index change 162.37 +0.33154.27 +0.34 6.70 143.90 + 0.29 6.39 +0.37 15-30 191.29 +0.33 Source: Mentil Lynch 5½ 6%• 6.0° Price AT&T 3% July 1990

finançıal futures 6.15 105.375 9.66 105.375 Phibro Sel 8 April 1996 8% March 1996 8.15 94.54 Arco 9% March 2016 112.50 8.69 112.375 Motors 8% April 2016 94.50 8.64 94.375

9% March 2016 102 9.18

Merch 100-04 100-09 US Treesury Bitle (IMM) Stm points of 100% LOSEDOM \$1m points of 100% 93.57 90. 93.61